## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2021

H.B. 687 Apr 26, 2021 HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40390-MH-129

# Short Title: Interbasin Transfer Amendments. (Public)

Sponsors: Representative Yarborough.

Referred to:

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#### A BILL TO BE ENTITLED

AN ACT TO REMOVE INTRABASIN TRANSFERS AMONG SUBBASINS OF A RIVER BASIN FROM INTERBASIN TRANSFER REQUIREMENTS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 143-215.22G(1b) reads as rewritten:

"(1b) "River basin" means any of the following river basins designated on the map entitled "Major River Basins and Sub-basins in North Carolina" and filed in the Office of the Secretary of State on 16 April 1991. means the area within North Carolina denoted by the cataloging unit or series of cataloging units organized by the United States Geologic Survey as designated in this subdivision. The term "river basin" includes any portion of the river basin that extends into another state. Any area outside North Carolina that is not included in one of the river basins listed in this subdivision comprises a separate river basin.

14	basin.		
15	<del>a.</del>	<del>1-1</del>	Broad River.
16	<del>b.</del>	<del>2-1</del>	Haw River.
17	e.	<del>2-2</del>	Deep River.
18	<del>d.</del>	2-3	Cape Fear River.
19	e.	<del>2-4</del>	South River.
20	<del>f.</del>	<del>2-5</del>	Northeast Cape Fear River.
21	<del>g.</del>	<del>2-6</del>	New River.
22	<del>h.</del>	3-1	Catawba River.
23	<del>i.</del>	<del>3-2</del>	South Fork Catawba River.
24	<del>j.</del>	4-1	Chowan River.
25	<del>k.</del>	<del>4-2</del>	Meherrin River.
26	<del>1.</del>	<del>5-1</del>	Nolichucky River.
27	<del>m.</del>	<del>5-2</del>	French Broad River.
28	<del>n.</del>	<del>5-3</del>	Pigeon River.
29	<del>0.</del>	<del>6-1</del>	Hiwassee River.
30	<del>p.</del>	<del>7-1</del>	Little Tennessee River.
31	<del>q.</del>	<del>7-2</del>	Tuskasegee (Tuckasegee) River.
32	<del>r.</del>	<del>8-1</del>	Savannah River.
33	<del>S.</del>	<del>9-1</del>	Lumber River.
34	<del>t.</del>	<del>9-2</del>	Big Shoe Heel Creek.
35	<del>u.</del>	<del>9-3</del>	Waccamaw River.
36	<del>V.</del>	<del>9-4</del>	Shallotte River.



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- (b) Exception. Notwithstanding the provisions of subsection (a) of this section, a certificate shall not be required to transfer water from one river basin to another up to the full capacity of a facility to transfer water from one basin to another if the facility was in existence or under construction on 1 July 1993.
- (c) Notice of Intent to File a Petition. An applicant shall prepare a notice of intent to file a petition that includes a nontechnical description of the applicant's request and an identification of the proposed water source. Within 90 days after the applicant files a notice of intent to file a petition, the applicant shall hold at least one public meeting in the source river basin upstream from the proposed point of withdrawal, at least one public meeting in the source river basin downstream from the proposed point of withdrawal, and at least one public meeting in the receiving river basin to provide information to interested parties and the public regarding the nature and extent of the proposed transfer and to receive comment on the scope of the environmental documents. Written notice of the public meetings shall be provided at least 30 days before the public meetings. At the time the applicant gives notice of the public meetings, the applicant shall request comment on the alternatives and issues that should be addressed in the environmental documents required by this section. The applicant shall accept written comment on the scope of the environmental documents for a minimum of 30 days following the last public meeting. Notice of the public meetings and opportunity to comment on the scope of the environmental documents shall be provided as follows:
  - (1) By publishing notice in the North Carolina Register.
  - (2) By publishing notice in a newspaper of general circulation in:
    - a. Each county in this State located in whole or in part of the area of the source river basin upstream from the proposed point of withdrawal.
    - b. Each city or county located in a state located in whole or in part of the surface drainage basin area of the source river basin that also falls within, in whole or in part, the area denoted by one of the following eight digit cataloging units as organized by the United States Geological Survey:

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03050105 (Broad River: NC and SC);
03050106 (Broad River: SC);
03050107 (Broad River: SC);
03050108 (Broad River: SC);
05050001 (New River: NC and VA);
05050002 (New River: VA and WV);
03050101 (Catawba River: NC and SC);
03050103 (Catawba River: NC and SC);
03050104 (Catawba River: SC);
03010203 (Chowan River: NC and VA);
03010204 (Chowan River: NC and VA);
06010105 (French Broad River: NC and TN);
06010106 (French Broad River: NC and TN);
06010107 (French Broad River: TN);
06010108 (French Broad River: NC and TN);
06020001 (Hiwassee River: AL, GA, TN);
06020002 (Hiwassee River: GA, NC, TN);
06010201 (Little Tennessee River: TN);
06010202 (Little Tennessee River: TN, GA, and NC);
06010204 (Little Tennessee River: NC and TN);
03060101 (Savannah River: NC and SC);
03060102 (Savannah River: GA, NC, and SC);
03060103 (Savannah River: GA and SC);
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**General Assembly Of North Carolina** 1 03060104 (Savannah River: GA); 2 03060105 (Savannah River: GA); 3 03040203 (Lumber River: NC and SC); 4 03040204 (Lumber River: NC and SC); 5 03040206 (Lumber River: NC and SC): 6 03040207 (Lumber River: NC and SC); 7 03010205 (Albemarle Sound: NC and VA); 8 06020003 (Ocoee River: GA, NC, and TN); 9 03010101 (Roanoke River: VA); 10 03010102 (Roanoke River: NC and VA); 03010103 (Roanoke River: NC and VA); 11 12 03010104 (Roanoke River: NC and VA); 13 03010105 (Roanoke River: VA); 14 03010106 (Roanoke River: NC and VA); 15 06010102 (Watauga River: TN and VA); 16 06010103 (Watauga River: NC and TN); 17 03040101 (Yadkin River: VA and NC); 18 03040104 (Yadkin River: NC and SC); 19 03040105 (Yadkin River: NC and SC); 20 03040201 (Yadkin River: NC and SC); 21 03040202 (Yadkin River: NC and SC).basin. Each county in this State located in whole or in part of the area of the 22 c. 23 source river basin downstream from the proposed point of withdrawal. 24 d. Any area in the State in a river basin for which the source river basin 25 has been identified as a future source of water in a local water supply 26 plan prepared pursuant to G.S. 143-355(1). 27 Each county in the State located in whole or in part of the receiving e. 28 river basin. 29 (3) 30 31 32

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By giving notice by first-class mail or electronic mail to each of the following:

- The board of commissioners of each county in this State or the governing body of any county or city that is politically independent of a county in any state that is located entirely or partially within the source river basin of the proposed transfer and that also falls within, in whole or in part, the area denoted by one of the eight-digit cataloging units listed in sub-subdivision b. of subdivision (2) of this subsection.transfer.
- h. The board of commissioners of each county in this State or the governing body of any county or city that is politically independent of a county in any state that is located entirely or partially within the receiving river basin of the proposed transfer and that also falls within, in whole or in part, the area denoted by one of the eight-digit cataloging units listed in sub-subdivision b. of subdivision (2) of this subsection.transfer.
- The governing body of any public water system that withdraws water c. upstream or downstream from the withdrawal point of the proposed transfer.
- d. If any portion of the source or receiving river basins is located in another state, all state water management or use agencies, environmental protection agencies, and the office of the governor in that state upstream or downstream from the withdrawal point of the proposed transfer.

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- e. All persons who have registered a water withdrawal or transfer from the proposed source river basin under this Part or under similar law in an another state.
- f. All persons who hold a certificate for a transfer of water from the proposed source river basin under this Part or under similar law in an another state.
- g. All persons who hold a National Pollutant Discharge Elimination System (NPDES) wastewater discharge permit for a discharge of 100,000 gallons per day or more upstream or downstream from the proposed point of withdrawal.
- h. To any other person who submits to the applicant a written request to receive all notices relating to the petition.
- Environmental Documents. Except as provided in this subsection, the definitions (d) set out in G.S. 113A-9 apply to this section. Notwithstanding the thresholds for significant expenditure of public monies or use of public land set forth in G.S. 113A-9, the Department shall conduct a study of the environmental impacts of any proposed transfer of water for which a certificate is required under this section. The study shall meet all of the requirements set forth in G.S. 113A-4 and rules adopted pursuant to G.S. 113A-4. Notwithstanding G.S. 113A-4(2), the study shall include secondary and cumulative impacts. An environmental assessment-impact statement shall be prepared for any petition for a certificate under this section. The determination of whether an environmental impact statement shall also be required shall be made in accordance with the provisions of Article 1 of Chapter 113A of the General Statutes; except that an environmental impact statement shall be prepared for every proposed transfer of water from one major river basin to another for which a certificate is required under this section. The applicant who petitions the Commission for a certificate under this section shall pay the cost of special studies necessary to comply with Article 1 of Chapter 113A of the General Statutes. An environmental impact statement prepared pursuant to this subsection shall include all of the following:
  - (1) A comprehensive analysis of the impacts that would occur in the source river basin and the receiving river basin if the petition for a certificate is granted.
  - (2) An evaluation of alternatives to the proposed interbasin transfer, including water supply sources that do not require an interbasin transfer and use of water conservation measures.
  - (3) A description of measures to mitigate any adverse impacts that may arise from the proposed interbasin transfer.
- (k) Final Determination: Factors to be Considered. In determining whether a certificate may be issued for the transfer, the Commission shall specifically consider each of the following items and state in writing its findings of fact and conclusions of law with regard to each item:
  - (5) The availability of reasonable alternatives to the proposed transfer, including the potential capacity of alternative sources of water, the potential of each alternative to reduce the amount of or avoid the proposed transfer, probable costs, and environmental impacts. In considering alternatives, the Commission is not limited to consideration of alternatives that have been proposed, studied, or considered by the applicant. The determination shall include a specific finding as to why the applicant's need for water cannot be satisfied by alternatives within the receiving basin, including unused capacity under a transfer for which a certificate is in effect or that is otherwise authorized by law at the time the applicant submits the petition. The determination shall consider the extent to which access to potential sources of

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surface water or groundwater within the receiving river basin is no longer available due to depletion, contamination, or the declaration of a capacity use area under Part 2 of Article 21 of Chapter 143 of the General Statutes. The determination shall consider the feasibility of the applicant's purchase of water from other water suppliers within the receiving basin and of the transfer of water from another sub-basin within the receiving major river basin. Except in circumstances of technical or economic infeasibility or adverse environmental impact, the Commission's determination as to reasonable alternatives shall give preference to alternatives that would involve a transfer from one sub-basin to another within the major receiving river basin over alternatives that would involve a transfer from one major river basin to another major river basin to another

(n) Final Determination: Certificate Conditions and Limitations. – The Commission may grant the certificate in whole or in part, or deny the certificate. The Commission may impose any conditions or limitations on a certificate that the Commission finds necessary to achieve the purposes of this Part including a limit on the period for which the certificate is valid. The conditions and limitations shall include any mitigation measures proposed by the applicant to minimize any detrimental effects within the source and receiving river basins. In addition, the certificate shall require all of the following conditions and limitations:

(4) A provision that the Commission may amend a certificate to reduce the maximum amount of water authorized to be transferred whenever it appears that an alternative source of water is available to the certificate holder from within the receiving river basin, including, but not limited to, the purchase of water from another water supplier within the receiving basin or to the transfer of water from another sub-basin within the receiving major river basin.

**SECTION 3.** G.S. 143-215.8B reads as rewritten:

### "§ 143-215.8B. Basinwide water quality-resources management plans.

- (a) The Commission shall develop and implement a basinwide water quality management plan for each of the 17 major river basins in the State. In order to assure the availability of adequate supplies of good quality water to protect the public health and to support desirable economic growth, the Commission shall develop and implement a basinwide water resources management plan for each of the 17 major river basins in the State. In developing and implementing each plan, the Commission shall consider the cumulative impacts of all of the following:
  - (1) All activities across a river basin that impact surface water or groundwater quality and quantity, including all points of withdrawal, and all point sources and nonpoint sources of pollutants, including municipal wastewater facilities, industrial wastewater systems, septic tank systems, stormwater management systems, golf courses, farms that use fertilizers—irrigation, fertilizers, herbicides and pesticides for crops, public and commercial lawns and gardens, waste disposal sites, atmospheric deposition, and animal operations.
  - (2) All <u>surface water</u> transfers into and from a river basin that are required to be registered under G.S. 143-215.22H.G.S. 143-215.22H, current available <u>surface water resources</u>, available groundwater resources to the extent known <u>by the Department</u>, other withdrawals, instream flow needs and requirements, an estimate of return flows, inflow data, local water supply plans, and any other scientific and technical information the Department deems relevant.
  - (b) Each basinwide water quality resources management plan shall:

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- (1) Provide that all point sources and nonpoint sources of pollutants jointly share the responsibility of reducing the pollutants in the State's waters in a fair, reasonable, and proportionate manner, using computer modeling and the best science and technology reasonably available and considering future anticipated population growth and economic development.
- (2) If any of the waters located within the river basin are designated as nutrient sensitive waters, then the basinwide water <u>quality-resources</u> management plan shall establish a goal to reduce the average annual mass load of nutrients that are delivered to surface waters within the river basin from point and nonpoint sources. The Commission shall establish a nutrient reduction goal for the nutrient or nutrients of concern that will result in improvements to water quality such that the designated uses of the water, as provided in the classification of the water under G.S. 143-214.1(d), are not impaired. The plan shall require incremental progress toward achieving the goal. In developing the plan, the Commission shall determine and allow appropriate credit toward achieving the goal for reductions of water pollution by point and nonpoint sources through voluntary measures.
- (3) Include the information and projections required for local water supply plans by G.S. 143-355(*l*) and a summary of water conservation and water reuse programs described in local water supply plans.
- (4) <u>Identify potential conflicts and incompatibilities among the various local water supply plans and ways in which local water supply programs could be better coordinated.</u>
- (5) Determine through hydrologic modeling, where feasible, the places, times, frequencies, and intervals where yields may be inadequate to meet designated uses of water and projections of future withdrawals in response to different variables, conditions, and scenarios.
- (6) If the use of groundwater or surface water or both is having an unreasonably adverse effect upon such waters and has resulted or probably will result in a generalized condition of water depletion within the basin to the extent that the availability for use of such water has been impaired for existing or proposed uses and that injury to the public health, safety, or welfare will result if increased or additional withdrawals or discharges occur, the Department shall recommend that the Commission consider declaration of a Capacity Use Area in accordance with the Water Use Act of 1967.
- (c) The Commission shall review and revise its 17 basinwide water quality—resources management plans at least every 10 years to reflect changes in water quality, water quantity, improvements in modeling methods, improvements in wastewater treatment technology, advancements in conservation and reuse, and advances in scientific knowledge and, as need to support designated uses of water, modifications to management strategies.
- (d) As a part of the report required pursuant to G.S. 143-355(p), the Commission and the Department shall each report on or before November 1 of each year on an annual basis to the Environmental Review Commission on the progress in developing and implementing basinwide water <u>quality-resources</u> management plans and on increasing public involvement and public education in connection with basinwide water <u>quality-resources</u> management planning. The report to the Environmental Review Commission by the Department shall include a written statement as to all concentrations of heavy metals and other pollutants in the surface waters of the State that are identified in the course of preparing or revising the basinwide water <u>quality resources</u> management plans.
- (e) A basinwide water <u>quality resources</u> management plan is not a rule and Article 2A of Chapter 150B of the General Statutes does not apply to the development of basinwide water

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<u>quality resources</u> management plans. Any water quality standard or classification and any requirement or limitation of general applicability that implements a basinwide water <u>quality resources</u> management plan is a rule and must be adopted as provided in Article 2A of Chapter 150B of the General Statutes."

#### **SECTION 4.** G.S. 143-355(o) reads as rewritten:

- "(o) Basinwide Hydrologic Models. The Department shall develop a basinwide hydrologic model for each of the 17 major river basins in the State as provided in this subsection.
  - (1) Definitions. As used in this subsection:
    - a. "Ecological flow" means the stream flow necessary to protect ecological integrity.
    - b. "Ecological integrity" means the ability of an aquatic system to support and maintain a balanced, integrated, adaptive community of organisms having a species composition, diversity, and functional organization comparable to prevailing ecological conditions and, when subject to disruption, to recover and continue to provide the natural goods and services that normally accrue from the system.
    - c. "Groundwater resource" means any water flowing or lying under the surface of the earth or contained within an aquifer.
    - d. "Prevailing ecological conditions" means the ecological conditions determined by reference to the applicable period of record of the United States Geological Survey stream gauge data, including data reflecting the ecological conditions that exist after the construction and operation of existing flow modification devices, such as dams, but excluding data collected when stream flow is temporarily affected by in-stream construction activity.
    - e. "Surface water resource" means any lake, pond, river, stream, creek, run, spring, or other water flowing or lying on the surface of the earth.
  - (2) Schedule. The Department shall develop a schedule for basinwide hydrologic model development. In developing the schedule, the Department shall give priority to developing hydrologic models for river basins or portions of river basins that are experiencing or are likely to experience water supply shortages, where the ecological integrity is threatened or likely to become threatened, or for which an existing hydrologic model has not been developed by the Department or other persons or entities and update basinwide hydrologic models in accordance with G.S. 143-215.8B(c).
  - (3) Model. Each basinwide hydrologic model shall:
    - a. Include surface water resources within the river basin, groundwater resources within the river basin to the extent known by the Department, transfers into and out of the river basin that are required to be registered under G.S. 143-215.22H, other withdrawals, ecological flow, instream flow requirements, projections of future withdrawals, an estimate of return flows within the river basin, inflow data, local water supply plans, and other scientific and technical information the Department deems relevant.
    - b. Be designed to simulate the flows of each surface water resource within the basin that is identified as a source of water for a withdrawal registered under G.S. 143-215.22H in response to different variables, conditions, and scenarios. The model shall specifically be designed to predict the places, times, frequencies, and intervals at which any of the following may occur:
      - 1. Yield may be inadequate to meet all needs.

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2. 1 Yield may be inadequate to meet all essential water uses. 2 Ecological flow may be adversely affected. 3. 3 Be based solely on data that is of public record and open to public c. 4 review and comment. 5 (4) Ecological flow. – The Department shall characterize the ecology in the 6 different river basins and identify the flow necessary to maintain ecological 7 integrity. The Department shall create a Science Advisory Board to assist the 8 Department in characterizing the natural ecology and identifying the flow 9 requirements. The Science Advisory Board shall include representatives from 10 the Divisions of Water Resources and Water Quality of the Department, the North Carolina Wildlife Resources Commission, the North Carolina Marine 11 12 Fisheries Commission, and the Natural Heritage Program. The Department 13 shall also invite participation by the United States Fish and Wildlife Service; 14 the National Marine Fisheries Service; representatives of organizations 15 representing agriculture, forestry, manufacturing, electric public utilities, and 16 local governments, with expertise in aquatic ecology and habitat; and other 17 individuals or organizations with expertise in aquatic ecology and habitat. The 18 Department shall ask the Science Advisory Board to review any report or 19 study submitted to the Department for consideration that is relevant to 20 characterizing the ecology of the different river basins and identifying flow 21 requirements for maintenance of ecological integrity. The Department shall 22 consider such other information, including site specific analyses, that either 23 the Board or the Department considers relevant to determining ecological flow 24 requirements. 25 (5) Interstate cooperation. – To the extent practicable, the Department shall work 26 with neighboring states to develop basinwide hydrologic models for each river 27 basin shared by North Carolina and another state. 28 Approval and modification of hydrologic models. Hydrologic model not a (6) 29 <u>rule.</u> – 30 Upon completion of a hydrologic model, the Department shall: a. 31 Submit the model to the Commission for approval. 1. 32 <del>2.</del> Publish in the North Carolina Register notice of its recommendation that the Commission approve the model and 33 34 of a 60-day period for providing comment on the model. 35 3. Provide electronic notice to persons who have requested 36 electronic notice of the notice published in the North Carolina 37 Register. 38 Upon receipt of a hydrologic model, the Commission shall: b. 39 Receive comment on the model for the 60-day period noticed 40 in the North Carolina Register. 41 2. Act on the model following the 60 day comment period. 42 The Department shall submit any significant modification to an <del>c.</del> 43 approved hydrologic model to the Commission for review and approval under the process used for initial approval of the model. 44 45 A hydrologic model meeting the requirements of this subsection is not d. 46 a rule, and Article 2A of Chapter 150B of the General Statutes does 47 not apply to the development of a hydrologic model. 48 Existing hydrologic models. – The Department shall not develop a hydrologic (7)49 model for a river basin for which a hydrologic model has already been 50 developed by a person or entity other than the Department, if the Department

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determines that the hydrologic model meets the requirements of this

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1		subsection. The Department may adopt a hydrologic model that has been
2		developed by another person or entity that meets the requirements of this
3		subsection in lieu of developing a hydrologic model as required by this
4		subsection. The Department may make any modifications or additions to a
5		hydrologic model developed by another person or entity that are necessary to
6		meet the requirements of this subsection.
7	<u>(7a)</u>	Exception The requirement to use existing hydrologic models set forth in
8		subdivision (7) of this subsection shall not apply if there are one or more transfers
9		registered under G.S. 143-215.22H. In such cases, the Department shall
10		develop a single hydrologic model that includes all the basins with the
11		registered transfers and shall coordinate modeling efforts with the persons
12		registering the transfer. The requirement set forth in this subdivision for a
13		single model shall not apply to the extent that it conflicts with any interstate
14		agreement pertaining to water supply issues to which the State is a signatory.
15	(8)	Construction of subsection. – Nothing in this subsection shall be construed to
16		vary any existing, or impose any additional regulatory requirements, related
17		to water quality or water resources.
18	(9)	Repealed by Session Laws 2017-10, s. 4.16(b), effective May 4, 2017."
19	SECT	<b>TION 5.</b> This act is effective when it becomes law.

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