

Extracted from the Office of Administrative Hearings website on February 29, 2016

HTTP://REPORTS.OAH.STATE.NC.US/NCAC.ASP?FOLDERNAME=\TITLE%2015A%20-%20ENVIRONMENTAL%20QUALITY\CHAPTER%2002%20-%20ENVIRONMENTAL%20MANAGEMENT

SECTION .0500 - ALLOCATION OF JORDAN LAKE WATER SUPPLY STORAGE

**15A NCAC 02G .0501 INTRODUCTION**

To increase the availability of municipal and industrial water supplies, the State of North Carolina requested the U.S. Army Corps of Engineers to designate 32.62 percent of the Jordan Lake conservation storage, between the elevations 202 mean sea level (msl) and 216 msl, as water supply storage.

The State, acting through the Environmental Management Commission, will assign to local governments having a need for water supply capacity any interest held by the State in such storage, with proportional payment by the user to the State for the state's associated capital, interest, administrative and operating costs.

Upon signing the water supply storage contract with the U.S. Army Corps of Engineers, the Commission will apply the following procedures in allocating Jordan Lake water supply storage.

*History Note:* Authority G.S. 143-215.3(a)(1); 143-215.38 through 143-215.43; 143-354(a)(11); 143B-282;  
Eff. March 1, 1988.

**15A NCAC 02G .0502 DEFINITIONS**

As used throughout this Subchapter:

- (1) "Capital costs" means initial costs of the project;
- (2) "Commission" means Environmental Management Commission;
- (3) "Department" means the North Carolina Department of Natural Resources and Community Development;
- (4) "Division" means the Division of Water Resources;
- (5) "Effective date of allocation" means the date the Commission approves the allocation;
- (6) "Interest costs" means interest accrued on the unpaid balance;
- (7) "Local government" means any city, county, authority, sanitary district, metropolitan water district, or other local unit;
- (8) "Operating costs" means Jordan Lake's state and federal operating, maintenance, replacement, and administrative costs associated with water supply storage;
- (9) "State" means the state of North Carolina; and
- (10) "Water supply storage" means storage of water for municipal or industrial use.

*History Note:* Authority G.S. 143-354(a)(11);  
Eff. March 1, 1988.

**15A NCAC 02G .0503 FORMAL APPLICATION**

(a) The Commission may receive initial allocation requests from local governments beginning on this Section's effective date. In order to be reviewed, applications must contain the following information:

- (1) Projected population and water use, including a detailed map of the existing and projected water service areas;
- (2) A listing of water sources presently available, including estimated yields of these sources;
- (3) An analysis of the yield, quality, and cost of alternative sources of water supply other than Jordan Lake that could meet or partially meet projected needs, including regionalization of systems;
- (4) A description of conservation and demand-management practices to be used;
- (5) An outline of plans to use water from Jordan Lake, including proposed location of intake and water treatment plant(s), location of wastewater treatment plant(s), any proposed sharing of facilities or other cooperative arrangements with other local governments, and a proposed schedule of development;
- (6) A plan for monitoring the quality of the raw and finished water in accordance with the requirements of North Carolina's Department of Human Resources and the U.S. Environmental Protection Agency;

- (7) The estimated cost of developing water supply facilities at Jordan Lake, also costs of alternative sources of supply; and
  - (8) A letter of intent to enter into a financial commitment for Jordan Lake water storage.
- (b) The Commission or the department may request such additional information as may be reasonably necessary for a complete understanding of the allocation request.
- (c) Local governments may apply for two levels of allocation: Level I allocations are for applicants which have demonstrated an immediate need and will commence withdrawals within five years of the effective date of allocation; Level II allocations are for applicants with documented longer range needs for water.
- (d) The applicant should include in the application the assumptions and the methodology used to develop projections. The Commission will assist applicants by providing a copy of departmental procedures for projecting water supply demands and determining yields.
- (e) Using departmental procedures for projecting water supply demands and determining yields, the department will provide the Commission an independent assessment of the applicant's water supply needs.

*History Note:* Authority G.S. 143-215.3(a)(1); 143-354(a)(11); 143B-282;  
Eff. March 1, 1988.

#### **15A NCAC 02G .0504 ALLOCATION OF WATER SUPPLY STORAGE**

- (a) The segment of Jordan Lake proposed for a water supply withdrawal must be classified by the Commission as a drinking water source prior to any allocation of Jordan Lake water supply storage. Prior to the first allocation of water supply storage at Jordan Lake, the Commission shall hold one or more public meetings on the amount(s) requested by each applicant, the suitability of Jordan Lake water for public water supply use, the availability of alternative water sources, and the best utilization of the water resources of the region. For future allocation decisions, additional public meetings may be held as determined by the Commission.
- (b) The Commission will assign Level I allocations of Jordan Lake water supply storage based on an intent to begin withdrawing water within five years of the effective date of allocation, on consideration of projected water supply needs for a period not to exceed 20 years, and on the design capacity of the associated withdrawal and treatment facilities.
- (c) The Commission will make Level II allocations of Jordan Lake water supply to applicants based on projected water supply needs for a period not to exceed 30 years.
- (d) The Commission will initially keep 50 percent of the water supply storage unallocated to meet future water supply needs as they develop.
- (e) If additional storage is requested by holders of Level II allocations, these parties must submit an application addendum to the Commission for review.
- (f) When holders of Level II allocations have documented an immediate need and wish to commence withdrawals within five years, their Level II allocations will be changed to Level I upon review and approval by the Commission.
- (g) The department will issue a notice that it has received applications for Level I and Level II allocations and requests for increases in allocations, with a 30-day period for comment. If there is significant public interest, the department may hold a public meeting to obtain comments and information, with appropriate notice.
- (h) To protect the yield of Jordan Lake for water supply and water quality purposes, the Commission will limit water supply allocations that will result in diversions out of the lake's watershed to 50 percent of the total water supply yield. The Commission may review and revise this limit based on experience in managing the lake and on the effects of changes in the lake's watershed that will affect its yield. For applicants whose discharge or intake represents a diversion pursuant to G.S. 153A-285 or 162A-7, the Commission will coordinate the review of the diversion with the review of the allocation request.
- (i) Where applications for allocations exceed storage capacity, the Commission will assign, reassign, or transfer allocations based on the applicants' or holders' need(s) and alternative water sources available (as defined in the application requirements), the existing or proposed average degree of utilization of the resource (relative to the total allocation application), the level of financial commitment (relative to the applicant's or holder's total costs in developing Jordan Lake as a water supply source), the effects on the lake's yield, and the level of sharing facilities or other cooperative arrangements with other local governments.

*History Note:* Authority G.S. 143-54(a)(11); 143-215.3(a)(1); 143B-282; 153A-285; 162A-7;  
Eff. March 1, 1988.

### **15A NCAC 02G .0505 NOTIFICATION AND PAYMENT**

- (a) The Commission will notify applicants of the decisions made regarding their allocation requests.
- (b) Recipients of Level I allocations are required to pay a proportional share of the state's total water supply storage capital and interest costs over a term suitable to the recipient and the Commission, but by 2012. Interest rates will vary with the payback term, and will be based on the state recovering the total federal capital and interest costs associated with water supply storage by 2012. After 2012, the Commission may review and adjust repayment requirements to assure equitable and efficient allocation of the resource. Level I recipients are also required to pay annually a proportional share of operating costs.
- (c) Holders of Level II allocations are required to pay a proportional share of the project's water supply storage interest and operating costs.

*History Note:* Authority G.S. 143-215.3(a)(1); 143-354(a)(11); 143B-282;  
Eff. March 1, 1988.

### **15A NCAC 02G .0506 RECIPIENTS' REQUIREMENTS**

- (a) Holders of Level I allocations must provide documentation meeting the requirements of the North Carolina Environmental Policy Act, G.S. 113A-1 thru 113A-10, at the time the holders propose to build facilities to use water from Jordan Lake. Such documentation shall include the environmental impacts of the proposed withdrawal, treatment, distribution, and disposal of the holders' allocated water.
- (b) Local governments must install and maintain suitable meters for the measurement of water withdrawn, report these withdrawals to the department on a monthly basis, and obtain the department's approval for the design, location, and installation of associated withdrawal facilities.
- (c) Holders of Level I and Level II allocations must pay the required capital, interest, and operating costs when due.

*History Note:* Authority G.S. 113A-1 through 113A-10; 143-215.3(a)(1); 143-354(a)(11);  
143B-282;  
Eff. March 1, 1988.

### **15A NCAC 02G .0507 LOSS OF ALLOCATION**

- (a) The Commission will review the Level I and Level II allocations at five year intervals, beginning on the effective date of the first allocation.
- (b) Level I allocations will be reviewed for possible reassignment if the recipient does not begin to withdraw water within five years of the effective date of allocation or is not using and withdrawing the water as proposed in the application.
- (c) Level I and Level II allocations will be rescinded upon failure by the local government to meet the regulation requirements in .0506 (a), (b), and (c).
- (d) The Commission may adjust, reassign, or transfer interests in water supply storage held by local governments, if indicated by an investigation of needs or changes in the project's water supply storage capacity. Capital, interest, and operating costs will be equitably adjusted to reflect the allocation recipients' proportion of total capacity. Holders of Level I and Level II allocations will receive appropriate refunds for any payments made if their allocations are adjusted, reassigned, or otherwise amended with the approval of the Commission. Rescinded allocations will not be refunded.
- (e) The Commission shall hold a public meeting to obtain comments and information regarding the proposed loss of allocation.

*History Note:* Authority G.S. 143-215.3(a)(1); 143-354(a)(11); 143B-282;  
Eff. March 1, 1988.