



# **Small Business Economic Impact Analysis**

**Chapter 173-517 WAC**

**Water Resources Program for the  
Quilcene–Snow Watershed**

*May 2009*

*09-11-015*

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## **Introduction**

The Washington State Department of Ecology (Ecology) is proposing Chapter 173-517 of the Washington Administrative Code (WAC), Water Resource Program for the Quilcene-Snow Watershed, Water Resources Inventory Area (WRIA) 17.

The purpose of this Small Business Economic Impact Statement (SBEIS) is to identify and evaluate the various requirements and costs that the proposed rule might impose on businesses. In particular, the SBEIS examines whether the costs on businesses from the proposed rule impose a disproportionate impact on the state's small businesses. The Revised Code of Washington (RCW) 19.85.040 describes the specific purpose and required content of an SBEIS.<sup>1</sup>

To meet Chapter 19.85 RCW, Ecology is developing and issuing this Small Business Economic Impact Statement (SBEIS) as part of our rule adoption process. Ecology intends to use the information in the SBEIS to ensure that the proposed rules are consistent with legislative policy.

## **Rule Proposal**

The key elements of the proposed rule include:

- Setting instream flow levels in the watershed to protect aquatic resources, including habitat for threatened and endangered salmonids, and protect existing water users.
- Closing most subbasins to new year-round withdrawals.
- Establishing water reserves to provide a reliable water supply through 2025.
- Specifying conditions for accessing the water reserves to benefit in-stream resources and better manage limited supply.
- Establishing a conservation standard for new permit-exempt well withdrawals.
- Allowing rain catchment for onsite water use.

The proposed instream flows are designed to protect fish habitat. This makes less water available for future uses during low-flow portions of the year (July 1 through October 31). To provide a reliable, year-round supply of water for future uses, it is necessary to reserve water that would be available even when the instream flows are not met. To do this, RCW 90.54.020(3)(a) requires that Ecology determine that there is an Overriding Consideration of the Public Interest (OCPI) to establish reserves for future out-of-stream uses.

The proposed reserves give more access to reliable water supplies for permit-exempt uses in the watershed and permitted uses in three subbasins, consistent with RCW 90.54.020(8) and the Growth Management Act (GMA). The reserves ensure a year-round, reliable water supply to

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<sup>1</sup> Due to size limits for filing documents with the Code Reviser, the SBEIS does not contain the appendices that further explain Ecology's analysis. Nor does it contain the raw data used in this analysis, or all of Ecology's analysis of this data. However, the rule-making file contains this information and it is available upon request.

meet demands estimated to occur through 2025. Future users of the reserves can obtain their water primarily from groundwater sources.

Water uses, established after the instream flow rule and that do not use reserves, are junior water rights and may be interrupted when instream flows are not met.

## **Analysis of Compliance Costs for Washington Businesses**

We have assessed the impacts of the proposed rule by comparing water right management under the proposed rule to current practices. The current framework or “baseline” includes the use of water by permit-exempt wells (RCW 90.44.050) and any administrative procedures for considering applications for both new water rights and changes to existing water rights. Baseline administrative procedures include technical and legal review to ensure the proposed use meets flow protection requirements of Chapters 90.22, 90.54, and 90.82 RCW.

We provide a brief description of compliance requirements below. You can find further details of water management under existing practices and the proposed rule in the Cost Benefit Analysis.

### **Water Right Administration under the Proposed Rule**

The proposed Chapter 173-517 WAC will create “instream flows.” Instream flows are water rights for in-stream resources. Once adopted, the instream flows would be protected from impairment by “junior” water rights—those with a later priority date. This means junior water rights must not further deplete surface waters when stream flows do not meet the instream flow levels. The instream flows will not affect senior uses established before the rule. Uses from the reserves will also have uninterruptible water rights.

Ecology and the Department of Fish and Wildlife negotiated the size of the reserves, established to provide water for permit-exempt well use. Water in the reserves would also provide water for new non-interruptible water rights in three sub-basins (Little Quilcene, Big Quilcene, and Thorndyke).

As well as setting the instream flows and creating reserves for new uses, the proposed rule clarifies other requirements that might affect future uses. We describe the expected changes to water management below. For more detail on changes to water right administration, see the Cost Benefit Analysis.

### **Surface Water**

The proposed rule would close the watershed to further surface water diversions during periods of low flow. During such periods, water users wanting a new surface water right would need to either:

- Purchase or lease, and transfer an existing water right.
- Suspend water use during periods of low flows.

- Develop storage mechanisms.
- Develop strategies, acceptable to Ecology, to mitigate their impacts.
- Get a new water right from the reserve.

However, we do not expect the rule to have a large effect on those that cannot directly access the reserves. These users face similar obstacles to gaining new water rights under current practices. Absent rulemaking, all new surface water users would need to either mitigate or use stored water during periods of low flow.

## Groundwater Permits

As with surface water, following adoption of the rule, Ecology can also make decisions on groundwater right applications similar to the baseline, except for permitted uses from the proposed reserves in three sub-basins. Applications for groundwater in hydraulic continuity with rivers and streams in WRIA 17 would be subject to flow conditions under the baseline or to the instream flows under the proposed rule.

As with surface water, there may be minimal effects to those water users not qualifying for the reserve, but Ecology does not expect such effects to change business practices. In particular, many small businesses may still be able to meet demands under the groundwater permit exemption and conservation standard<sup>2</sup>. Groundwater users under the proposed rules are also able to avoid interruption by showing that their use is not in hydraulic continuity with closed surface water bodies.

Overall, the change in ground water permitting does not significantly affect businesses, unless they qualify for one of the reserves available water in Big Quilcene, Little Quilcene, or Thorndyke. The proposed rule will reduce the administrative costs of ground water permitting. The rule closes certain most ground water areas, making case-by-case hydraulic connection determinations unnecessary. Applicants can still make these determinations and seek permits via traditional means if they choose.

## Permit-Exempt Groundwater Uses

Under the proposed rules, permit-exempt well users would gain an uninterrupted water use through the reserves and in coastal management areas. Although exempt from permitting under RCW 90.44.050, permit-exempt wells remain subject to all other state water laws. Permit-exempt well use can be shut off if it impairs senior water rights, although this has not yet occurred in WRIA 17. Nonetheless, permit-exempt well users remain susceptible to future curtailment if withdrawals result in impairment of a senior water right.

The proposed rule reserves water for future permit-exempt wells subject to a restricted conservation standard of use, but are not subject to interruption to protect the created instream

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<sup>2</sup> In the state Ground Water Code, the “ground water permit exemption” allows for certain uses of small quantities of ground water; including domestic, industrial, stockwatering, and non-commercial irrigation of less than one-half acre of land. RCW 90.44.040, *See also* Washington Attorney General Opinion (2005 Op. Atty Gen. Wash. No. 17).

flows. The rule provides added assurances to small businesses that would rely on year-round water from permit-exempt wells.

Small businesses that locate outside a service area of municipal water suppliers are most likely to use permit-exempt wells.

## Changes or Transfers of Water Rights

Ecology will continue to process changes or transfers of existing water rights as permitted by Chapters 90.03 and 90.44 RCW. The process is the same with the proposed rule as with the baseline, although future decisions would also consider the potential of impairing the instream flows.

## Reserves of Water

The use of water under the reserves, and the conditions of use, are part of the proposed rule. The reserves will allow eligible water users the benefit of having a continuous, reliable source of water during low flow periods, with a few limits. These limits primarily include the finite quantity of the reserves and the restricted amount of the conservation standard, which is a condition of accessing the reserves. The proposed rule also requires measuring water use from the reserves.

## Coastal Management Areas

The proposed rule establishes coastal management areas to protect streams too small for setting instream flows, but that still provide valuable salmonid habitat. Surface water and connected groundwater are closed in these areas, however, permit-exempt well use is allowed subject to the conservation standard. The proposed rule will allow eligible water users in coastal management areas the benefit of having a continuous, reliable source of water during low flow periods. There is no finite limit as in the subbasins with reserves. Measuring water use is also required as in the reserve management areas.

## Impacts to Businesses in WRIA 17

The element of the proposed rule that will have the greatest financial impact on businesses is creation of the reserves of water for future uses. The reserves would make water predictably and reliably available for more out-of-stream uses than under the baseline. The proposed reserves can provide water for water systems and permit-exempt uses, even during low flow periods. Businesses located in the Big Quilcene, Little Quilcene, or Thorndyke subbasins, may also be able to secure a reliable water right, which would have been very difficult to do without the rule.

Some businesses may also rely on rainwater collection and use on site, as this use is allowed under the proposed rule.

The proposed rule will not directly affect existing water right holders and is likely to have a positive effect on most of the affected businesses. An exception to this would be businesses that use water in the river—such as canoeing and fishing businesses. There are also potential costs to

businesses from the conservation standard restricting permit-exempt well use and the requirements to measure new water uses. The possible impacts are described below.

## Impacts to Businesses Dependent on Stream Flows

As stated above, the proposed rule creates a series of reserves. Accessing the reserves will allow entities to use water for various uses during low flow periods. In three subbasins, this will slightly reduce the amount of water in streams and could impact in-stream benefits such as ecosystem services, recreation, and so on. For farms that rely on stream flow for stockwatering, businesses that provide guide services such as fishing and bird watching, or those dependent on dilution for waste removal, there could be a very minor negative impact. Most impacts to businesses will be from gaining access to the volumes of water needed out-of-stream for the proposed future or expanding business, not from reduced stream flows.

## Impacts to Existing Permitted Water Rights

Allowing access to water through the reserve could affect the value of existing permitted water rights held by some businesses. The exact effect will depend on the allowable use, volume, and point of diversion of the existing rights, the existing and desired uses, and the volumes needed. Ecology does not foresee any measureable impacts to existing water rights from this rule.

### Costs to Firms and Required Professional Services

Businesses that depend on in-stream activities and potentially those that hold existing permits might incur very small impacts.

- The impacts to in-stream users would be specific to the firm, but is unlikely to be significant since few firms are dependent on instream flows.
- Existing water right holders could be impacted if the proposed rule resulted in changes to the value of their water right. This would ultimately only affect those that want to sell or lease a right, and only for the period until the reserves are fully allocated to new uses. The exact cost is difficult to determine since it depends on many factors and very few if any transfers would happen in this fashion.

Creation of the reserve will be a net benefit for most businesses that need water. Water being unavailable during low flow periods is damaging to any business that needs it for its own use or who are looking to develop residential or commercial properties. Allowing rainwater collection and use on site is also a benefit to some businesses.

For those that do not require water during low flow periods, an interruptible water right is an option under both the current practices and proposed rule in the Chimacum and Big Quilcene sub-basins.

In order to have water available during low flow periods under the baseline, uninterrupted water would have to be obtained through purchase, lease, transfers, or on-site storage. On-site storage for a low flow period can cost approximately \$0.75 per gallon for small water systems.<sup>3</sup> This

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<sup>3</sup> <http://www.doh.wa.gov/ehp/dw/Publications/331-134-4-30-08.pdf>

would be typical for a residence connected to a public water system; the proposed rule avoids this cost for those using the reserves. For other users, the cost of storage would likely preclude it as an option. Businesses who are able to locate outside the water service areas in the watershed are able to get uninterrupted water with some restrictions and costs identified below.

### **Required Professional Services**

Ecology anticipates no added professional services as a result of requirements from this rule. For water users qualifying for the reserves, the proposed rule reduces the need for small businesses to obtain consulting services. The proposed reserves make a reliable water supply available, without the expense and uncertainty of demonstrating water exists on a case-by-case basis. The same is also true for permit-exempt well use in the coastal management areas.

### **Costs of Equipment, Supplies, Labor, and Increased Administrative Costs**

We expect no additional equipment, supplies, labor, or administrative costs from the proposed rule except from required metering. This would include the cost of a meter for their groundwater well and minimal labor for maintaining the meter and reporting measured water use.

### **Other Compliance Requirements**

The proposed rule establishes a 500-gallon per day maximum and 350 gpd annual average conservation standard for the use of permit-exempt wells. Group domestic uses are limited to 5,000 gallons per day and the conservation standard for each residence. This standard applies throughout the watershed—including subbasins with reserves and the coastal management areas.

The proposed rule includes an exception to the conservation standard for new permit-exempt wells to be used for small commercial agriculture. The rule would limit such use to no more than 5,000 gallons per day (3,000 gallons per day in the Snow Creek subbasin). The proposed rule would only allow these new permit-exempt agricultural uses in the Salmon Creek and Snow Creek subbasins and most parts of the Miller and Quimper peninsulas.

## **Quantification of Costs and Ratios**

It is the purpose of this section to evaluate whether:

- Compliance with the proposed rule will cause businesses to lose sales or revenue.
- The proposed rule will have a disproportionate impact on small businesses.

### **Revenue Impacts**

As noted previously, the impacts of the proposed rule would be from the conservation standard on permit-exempt wells, required metering, decreased flows in the river, the creation of reserves, and allowing rainwater collection and use on site. Some potential losses to revenue we felt were could be dropped from consideration:

- The reduction of flows in three subbasins is unlikely to significantly affect any firms within the subbasins.
- Existing water right holders might see some loss in the value of existing water rights and this could lower revenues. However, this effect is likely to be relatively small.

Those firms that will be able to access water from the reserves will benefit from easier access to reliable water supplies. We estimate that summer flows will not meet the proposed minimum instream flows most years. New permits issued with stream flow conditions would be interruptible under the baseline, as under the proposed rules. Storage or mitigation would likely be required for all uses absent the reserves. In that sense, the rule will represent a negative cost (net benefit) to firms.

The net benefit to firms is the value of avoiding expensive storage, or purchasing or leasing water rights, or other mitigation options to access water during periods of low flow. This will likely lower costs to some potential water users and to that extent, may increase revenues.

## **Distribution of Compliance Costs**

The distribution of compliance costs can be analyzed by evaluating those who would seek water under the permit-exempt well exceptions. To qualify for the reserve, those businesses would need to measure their water use and adhere to the conservation standard for permit-exempt wells. Local ordinances already require those businesses in municipal water services areas to hook up to a municipal supplier.

Small businesses could have added costs under the proposed rule if they pursue interruptible water rights in the Chimacum or Big Quilcene subbasins. However, gaining new allocations of water, that were not readily available before, would be a large net benefit.

## **Known Costs and Benefits**

The rule would allow water rights to be issued from the reserves in the Big Quilcene, Little Quilcene, and Thorndyke subbasins. Businesses located in these subbasins may benefit from being able to obtain a permitted water right more easily. Under baseline conditions, few businesses were receiving additional permitted water rights in the watershed.

The rainwater catchment provisions may provide a benefit to small business. It provides an alternate source of water, of greatest benefit to those with a dry or contaminated well. Catchments can also provide additional water for landscaping.

Businesses wanting to use a new permit-exempt well are required to comply with the rule. These businesses must comply with the conservation standard and would have a total social cost of about \$1000 on average.<sup>4</sup>

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<sup>4</sup> Cost Benefit Analysis and “A Methodological Case Study of the Cost of Restricting Outdoor Water Use by Exempt Wells, Zhang, Shidong and Reich, Dave. Northwest Journal of Business and Economics 2005”

Businesses beginning new permit-exempt well uses and requesting water right permits from the reserves must measure their water use. Additional costs for buying and installing a meter for small water systems is estimated to range from \$400 to \$600.<sup>5</sup> Ecology chooses to use \$500 per meter, including any reporting costs.

## Costs Per Employee for Large and Small Businesses

There are very few businesses in the affected area of this rule. Ecology found 53 small businesses in the potentially affected industries in the watershed. For small businesses in these industries, the average number of employees is 2.5. For the top ten percent of potentially affected businesses, the average number of employees is 7.

**Table 1. Proportional Costs to Businesses**

	Estimated Costs	Average # of Employees		Cost Per Employee	
		Small Business	10% Largest	Small Business	10% Largest
<b>Cost of the conservation standard, meters and reporting</b>	\$1500	2.5	7	<b>\$600</b>	<b>\$214</b>

The highest cost per employee for small business is \$600, and for the top ten percent of large businesses is \$214.

Overall, the data suggests that the impacts of the proposed rule will impose disproportionate costs to the smaller businesses. However, there is clearly a very large net benefit to those who seek water and qualify for the reserve.

## Conclusions

Only businesses needing new water supplies outside a public water service area or applying for a water right are required to comply with the rule. Businesses that choose to qualify for the benefits of the reserve or use a permit-exempt well in a coastal management area must measure their water use and may suffer a welfare loss adhering to the conservation standard. Those businesses that choose to seek water through this option would receive a net benefit of uninterrupted water. All businesses of all sizes that qualify to use the reserves will experience net benefits from the rule. When examining only the costs, the rule will have disproportional costs to small businesses.

## Actions Taken to Reduce the Impact on Small Business

As noted above, it is unlikely that there will be significant adverse impacts on businesses (small or large) as part of this rulemaking compared to the baseline. Therefore, the proposed rule takes no specific measures to reduce or mitigate these rule impacts. In general, small businesses seeking reserved water through a permit-exempt well may have advantages over larger businesses with needs too large to be satisfied through a permit-exempt well.

## **Involvement of Small Businesses in the Development of the Proposed Rules**

The proposed rules have been developed as an outcome of regular communication with a variety of stakeholders including:

- WRIA 17 watershed planning unit
- City of Port Townsend
- Jefferson County
- Jefferson County PUD #1
- Three Klallam Tribes
- Skokomish Tribe
- Clallam County
- Quilcene Chamber of Commerce
- Jefferson County Association of Realtors
- Jefferson County Water Utilities Coordinating Council
- WSU Extension Office.

This rulemaking was an open process allowing all entities to comment and take part in developing the rule. Those taking part included small businesses and organizations representing small businesses. Ecology will also hold public hearings after filing the CR-102 to allow small businesses to provide further input.

## **SIC Codes of Impacted Industries**

No industries are required to comply with the proposed rules unless they seek to obtain new water right permits or permit-exempt water rights in the covered area. The following list shows Standard Industrial Codes (SIC) codes for existing developable properties in the Quilcene-Snow watershed.<sup>6</sup> This serves as a representative sample of potential future businesses that may be affected.

**Table 1. Industries potentially affected by proposed rules  
(North American Industry Classification System<sup>7</sup>)**

Agriculture, forestry, fishing and hunting	Code 11
Mining, Mineral extraction	Code 2123
Residential building construction	Code 2361
Nonresidential building construction	Code 2362
Manufacturing	Code 33
Health Care and Social Assistance	Code 62
Accommodation & Food Services	Code 72

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<sup>6</sup> Washington State Employment Security Department was the basis for this table.

<sup>7</sup> Ecology has used NAICS codes rather than Standard Industrial Codes (SIC). It is a comparable system, used at the federal and state level, and has replaced SIC codes in common use.

## Expected Jobs Created or Lost

Ecology recognizes three of the reserves can support substantially more households beyond the exempt uses in these reserves. These users will benefit primarily from uninterrupted water for domestic and other uses.

This extra water is capable of supporting 690 additional households with an uninterrupted water supply. Assuming \$50,000 revenue from construction of each household, this could generate revenues of \$34,500,000.

If further residential build out uses all of the water from the reserves, it could result in annual labor income of about \$25 million to the area. This could create 819 new family-supporting jobs in the Quilcene-Snow watershed. (See Table 2.)

Office of Financial Management's NAICS based input/output model<sup>8</sup> provides estimates of interdependence among industrial sectors in the state. Each sector not only produces and sells goods or services, but also purchases goods or services for use within its production process. Ecology expects jobs created through the proposed rule in these areas:

<b>Table 2.</b>	
	<b>Employment</b>
Crop production	6
Animal production	2
Forestry and fishing	2
Logging	2
Mining	3
Electric utilities	2
Gas utilities	0
Other utilities	1
Construction	384
Food manufacturing	4
Textiles and apparel	1
Wood product manufacturing	5
Paper manufacturing	1
Printing	2
Petroleum and products	0
Chemical manufacturing	0
Nonmetallic mineral products manufacturing	11
Primary metals	1
Fabricated metals	4
Machinery manufacturing	1
Computer and electronic product	1
Electrical equipment	0
Aircraft and parts	0
Ship and boat building	0
Other transportation equipment	0
Furniture	2
Other manufacturing	3
Wholesale trade	14
Retail trade	85
Transportation and warehousing	11
Information	8
Finance and insurance	17
Real estate	20
Professional services and management	57
Educational services	10
Health services	67
Arts, recreation, and accommodation	16
Food services and drinking places	36
Other services	42
<b>Total Employment</b>	<b>819</b>

<sup>8</sup> <http://www.ofm.wa.gov/economy/io/default.asp>

## Appendix A. References

Department of Ecology Quilcene-Snow Watershed Planning website,  
<http://www.ecy.wa.gov/apps/watersheds/planning/17.html>

## Appendix B. Net effects analysis

### WRIA 17 rule matrix – net changes from new rule to Ecology’s existing regulatory practice

Rule Section	Summary of section	Net effect requiring analysis
WAC 173-517-010	Introduction and Purpose	N/A – provisions reflect current laws and background information
WAC 173-517-020	Authority and applicability	N/A – provisions reflect current laws
WAC 173-517-030	Definitions	Most definitions are consistent with agency practice and usage. Unique to this rule are definitions of commercial agriculture and outdoor irrigation See analysis of sections 130 and 150 below.
WAC 173-517-040	Compliance and enforcement	N/A – consistent with statutory requirements for compliance and enforcement
WAC 173-517-050	Appeals	N/A – provisions reflect current laws
WAC 173-517-060	Regulation review	N/A – provisions reflect current agency practice
WAC 173-517-070	Maps	N/A
WAC 173-517-080	Establishment of stream management units	N/A – see analysis for section 090, below.
WAC 173-517-090	Instream flows - establishes monthly instream flow values in 13 streams, for the stream management units and at the control points established in section 050	<p>The rule codifies current permitting practice and statutory obligations for water right permitting.</p> <p>Under the Water Resources Act of 1971, Ecology currently has a legal obligation to maintain water quantities sufficient for the preservation of the natural environment.</p> <p>Current practice for water right permitting includes assessing impacts to flows for all new water rights. Applicants must either demonstrate that flows will not be affected or must mitigate any impacts to flows.</p> <p>-----</p> <p>The rule creates a new conservation standard for permit-exempt well use. See analysis for section 120, below.</p>
WAC 173-517- 100	Closures – closes all streams	Surface Water Source Limitation (SWSL) letters

	and connected ground water	from WDFW administrative close many streams in WRIA 17: Chimacum, Little Quilcene, Salmon, Snow, Tarboo, Contractors, Tommy (Donovan), Andrews (Crocker Lake), and 1 unnamed stream flowing into Port Ludlow.
WAC 173-517-110	Future new water use – generally – this section outlines exceptions to closures and how water rights may be approved in the future	See below for analyses of individual exceptions for coastal areas, interruptible water, and reserves Allows use of rooftop rainwater– relies on site-specific analysis of impacts to authorize the use of rooftop rainwater through the rule. The baseline is that de minimus use of rain barrels is allowed without a permit, and whether permit is or is not required for greater use is ambiguous.
WAC 173-517-120	Conservation Standard for permit exempt well use – establishes a 500 gpd maximum limit and 350 gpd average annual for permit exempt well use. Water use up to 5,000 gpd is allowed if a user can mitigate.	Establishes a new limit on permit exempt well use that applies in most areas (see exceptions, below). Also creates new requirement to mitigate for water use between 500 and 5,000 gpd, if more than 500 gpd is desired.  Without rule new wells may use up to 5,000 gpd, but actual use typically much less, therefore, most new uses will not be affected. Water use information for residential use in this area is in the range of the conservation standard.  There is also fairly strong demand for commercial agricultural use of permit-exempt withdrawals in this area.  Without the rule new permit-exempt well withdrawals could use up to 5,000 gpd. See separate analysis for hydrologic benefit to streams and benefits to fish of this use restriction.  See also sections 130 and 150, below.
WAC 173-517-130	Designates coastal management areas – and sets management standards for water use in these areas - Requires connection to public water supply, if available, except in the Port Townsend service area - limits permit exempt wells to the conservation standard	N/A – no analysis required, consistent with local codes  - without rule new wells may use up to 5,000 gpd, rule restricts new withdrawals to the conservation standard except for Miller and

	- Miller and Quimper peninsulas – agricultural use up to 5,000 gpd allowed outside of designated areas.	Quimper peninsulas.  - without rule other types of uses could use up to 5,000 gpd, and agricultural use of exempt wells would not be limited to these 2 areas. Commercial agriculture defined very broadly in the rule.
WAC 173-517-140	Future appropriations for interruptible use - defines when and where future interruptible uses may occur	N/A – closure with the exception for interruptible uses is consistent with existing regulatory practices. The open periods for Big Quilcene and Chimacum match the seasonal high flow when water is available. The limit on the maximum allocation is consistent with the statutory obligation to protect instream resources, in this case channel forming flows. Conversely the seasonal closures on these streams are consistent with low flow periods when mitigation would be required.
WAC 173-517-150	Reserves of water for future use. The rule establishes reserves in 13 sub-basins. See table	See Table for reserve sizes, uses of reserves and approximate # of households that could be served with reserves. Rule allows for year-round use for water that ordinarily could only be issued on an interruptible basis. Use of reserves generally restricted to any permit-exempt withdrawal, exceptions include: water available for future water rights in Big Quilcene, Little Quilcene and Thorndyke subbasins; and portions of the reserve in Salmon, Snow and Big Quilcene are allocated for agricultural use of exempt wells. Rule establishes restrictions on permit-exempt withdrawals to protect instream flows.  Chimacum sub-basin is a special case, because we cannot justify a traditional reserve, an interim 0.1% reserve is established and no outdoor irrigation is allowed – until another source of water is found for mitigation. In addition, if the USGS ground water model identifies places where withdrawals will not affect flows, rule will allow new withdrawals with no restrictions in those places.  Analysis needed: Compare value of protection of instream resources to cost of conservation standards. Compare out-of stream and instream value of allocated water.
WAC 173-517-160	Accounting for use under the	See section 150

	reserves	
WAC 173-517-170	Lakes and Ponds	N/A – consistent with statutory requirements
WAC 173-517-180	Measuring water use – metering required for all new uses, including permit-exempt withdrawals	Analysis required – cost to install, maintain, and read meters, and report data to Ecology.
WAC 173-517-190	Conveying stockwater away from streams	N/A - provisions reflect current agency practice. Rule codifies existing program policy.
WAC 173-517-200	Future surface water withdrawals for environmental restoration – describes what projects qualify as environmental restoration projects (one of the exceptions to closure)	N/A – exception for environmental restoration projects is consistent with existing agency practice. Criteria used in rule is consistent with agency practice
WAC 173-517-210	Out of sub-basin water use. Rule requires additional public meeting and report on possible harm to public interest of applicants that propose using water in a different sub-basin.	Analysis required –cost of additional public meeting and report to greater protection of public interest.