EXHIBIT G

DEPARTMENT OF ENVIRONMENTAL QUALITY, WATER DIVISION

SUBJECT: Regulation No. 2, Water Quality Standards for Surface Waters Third Party Rulemaking for the Little Red River by Domtar Industries, Inc.

DESCRIPTION: Domtar A.W. LLC ("Domtar") owns and operates a paper mill at Ashdown, Arkansas which discharges treated wastewater from a single outfall to the Red River under the provisions of NPDES Permit No. AR0002968 issued by ADEQ.

The Red River contains elevated levels of dissolved solids caused by input from natural salt springs and seeps in Oklahoma and Texas. The states of Texas, Oklahoma, Arkansas, and Louisiana each have established total dissolved solids ("TDS") and sulfate criteria for the river which are spatially inconsistent. As it enters Arkansas, the Red River has a Texas TDS criterion of 1,100 mg/L and a sulfate criterion of 250 mg/L while, at the same time, the river has an Oklahoma TDS criterion of 1,220 mg/L and a sulfate criterion of 277 mg/L. The current TDS criterion for the segment of the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River is 850 mg/L which was set during a 1994 Third-Party Rulemaking which also removed the domestic drinking water use designation for this segment of the Red River. The current TDS criterion for the segment of the Red River from the mouth of the Little River to the Arkansas/Louisiana state line is 500 mg/L and is the subject of an on-going rulemaking filed by Southwestern Electric Power Company asking that the TDS criterion be established at 860 mg/L. The sulfate criterion of the Red River from the Arkansas/Oklahoma state line to the Arkansas/Louisiana is 200 mg/L.

The Red River is listed as impaired for TDS and chlorides in the Arkansas 2008 303(d) list. The consequence of the listing is that the limitations set in the facility's NPDES permit adversely impacts the operations of the facility despite the fact that the minerals loading/concentrations in the facility's discharge at full operation has a minor effect on the concentration of dissolved minerals in the Red River.

Domtar is requesting a technical adjustment to the TDS and sulfate water quality criteria of the Red River as follows:

- modification of the TDS and sulfate water quality criteria for the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River as follows:
  - TDS from 850 mg/L to 940 mg/L
  - Sulfate from 200 mg/L to 250 mg/L;
- modification of the sulfate water quality criterion for the Red River from the mouth of the Little River to the Arkansas/Louisiana state line as follows:
  - Sulfate from 200 mg/L to 225 mg/L.

Domtar's proposed site-specific technical adjustments are supported by the following:

- Several unique circumstances including: (a) well known and long-term naturally occurring elevated levels of minerals in the Red River caused by input from natural salt springs and seeps in Texas and Oklahoma; (b) the highly inconsistent and conflicting minerals standards on the Red River established by the various agencies with jurisdiction over the water quality standards of the Red River; (c) no other water body in Arkansas has such an inconsistent and

conflicting set of mineral water quality standards; and (d) the currently pending (before the APCE&C) SWEPCO request to amend water quality standards on the Red River supported by its Use Attainability Analysis (UAA)..

- The Red River situation is unique. There is no similar water body in Arkansas with the inconsistent and conflicting water quality minerals criteria;

- TDS and sulfate criterion in the Red River are spatially inconsistent because of the criteria separately established on the same segments of the river by Oklahoma, Texas and Arkansas;

- TDS concentrations in the Red River historically exceed the current TDS criterion of 850 mg/L due to elevated levels of dissolved solids caused primarily by input from natural salt springs and seeps in Oklahoma and Texas.

- The TDS and sulfate criterion in the Red River make no sense and have no rational connection to the longstanding historical reality in the river;

- The technical adjustments reflect current conditions, bring consistency to the criteria on the Red River, and allow Domtar to operate efficiently and within projected permit limits while protecting designated uses for the Red River;

- There is no current economically feasible treatment technology for the removal of the minerals to meet the current criteria. Reverse osmosis treatment technology does exist; however, this technology is not cost effective and generates a concentrated brine which is environmentally difficult to dispose of. The technology is not required to meet the designated uses and would produce no significant additional environmental protection.

- The Red River situation is unique for the following reasons:

  - It is a large river with historically high minerals levels in AR that are caused primarily by naturally occurring sources in upstream states (salt seeps in OK & TX);
  - Much of the segment of primary interest (the upper Red River segment in AR) has two totally different TDS criteria depending on which side of the state line you are on, 1100 mg/L TDS on the Texas side (south) and 850 mg/L on the Arkansas side (north);
  - The current AR criterion in the upper Red River segment in AR is based on a standards change in 1994 that would have selected a higher number if it had used the analysis and assessment methodology in place today;
  - The progression from high upstream criteria in OK and TX to low and lower criteria in AR segments, followed by much higher criteria in LA makes no sense and has no rational connection to the longstanding historical reality in the river;
  - There is no other situation like this in Arkansas.
- Spiked WET testing of the river water shows no acute or chronic toxicity due to dissolved minerals levels.
- Study supporting 1994 change would have resulted in numbers requested for Upper Red River segment in AR if current analysis and 303(d) assessment methodology had been used.

- Study supporting the pending site-specific minerals criteria rulemaking initiated by SWEPCO demonstrated sufficient lines of evidence that the Aquatic Life Designated Use is being attained within the studied reaches of the Little and Red Rivers[1], and that expected mineral concentrations from the SWEPCO outfall will not negatively impact existing uses.
- It is difficult to justify the time and expense of conducting a full biological study from scratch given the unique circumstances involved.
- Adoption of the change will follow all the applicable Arkansas procedural requirements for valid revision of the criteria in question.

Table 1.

Reach	Proposed criteria		90th / 95th percentiles (monitoring station)	
	SO4 (mg/L)	**TDS (mg/L)**	**SO4 (mg/L)**	**TDS (mg/L)**
Red R from OK-AR state line to Domtar	250	940	224 / 243 (RED0025)	891 / 958 (RED0025)
Red R from Domtar to mouth of Little River	250	940	230 / 270 (07337000)	932 / 1044 (07337000)
Red R from mouth of Little River to AR-LA state line[2]	225	860 (see Note "C")	188 / 228 (RED0045)	778 / 860 (RED0045)

Notes:

A. Percentiles calculated using data going back as far as August 1990 (where available) and extending through October 2013.

B. Percentiles were calculated as 100% * (rank – 0.5) / n

C. Note the TDS value of 860 mg/L for the reach of the Red River from the Little River to the Arkansas/Louisiana state line is not proposed by ADEQ but rather by SWEPCO in a rulemaking that is currently underway.

[1] Red River from the mouth of the Little River to the Arkansas-Louisiana state line.

[2] Domtar request assumes that SWEPCO study and 3rd Party Rulemaking will be approved by PC&E Commission and EPA.

PUBLIC COMMENT: A public hearing was held in Ashdown, Arkansas, on January 26, 2015. The public comment period expired on February 9, 2015. The following comments were received:

COMMENTS WITH DOMTAR'S RESPONSE:

Comment 1: One member of the Arkansas Red River Commission expressed concern that the limits of Total Dissolved Solids ("TDS") would increase in the Red River and that Domtar was requesting removal of the domestic drinking water use designation.

Domtar Response 1: The proposed amendment to Regulation No. 2 would increase the water quality criterion for TDS on the segment of the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River, but the quantity and concentration of TDS in the Red River will not change. The proposed amendment would increase the criterion to correspond to historic TDS levels observed in prior decades of monitoring.

Domtar is not requesting removal of the domestic drinking water use designation for the Red River, but a related rulemaking petition by SWEPCO does propose removal of the drinking water designation for the segment of the Red River from the mouth of the Little River to the Louisiana Line; and Domtar's proposal is expressly conditioned on approval of the SWEPCO rulemaking. Removal of drinking water designation from this segment of the Red River is appropriate because the Red River has naturally occurring mineral concentrations that regularly exceed secondary drinking water standards. The domestic drinking water use designation was removed from the segment of the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River in 1994.

Comment 2: Another member of the Arkansas Red River Commission expressed concern that: (a) according to a newspaper article, the rulemaking would add more contaminants to the Red River; (b) the public notice only stated "minerals" rather than which minerals were the subject of the rulemaking; and (c) the rulemaking would interfere with the Arkansas Red River Commission's long term plans to sell water from the Red River.

Domtar Response 2: (a) The rulemaking will increase the water quality criteria for TDS and sulfate listed in Regulation No. 2, but there will be no change in the water quality of the Red River due to this proposal which only attempts to set the criteria to match current conditions in the river. There was a statement in one newspaper article indicating that the rulemaking would lead to more contaminants being added to the Red River, but that article was mistaken. The article appeared to confuse the proposed change in criteria with an actual change in the water quality observed in the river.

(b) The public notice did identify the specific mineral changes proposed for Regulation No. 2. The notice stated, among other things:

Domtar is requesting the following amendments to Regulation 2:

- Technical adjustment of the TDS and sulfate water quality criteria for the Red River from the Arkansas/Oklahoma state line to mouth of the Little River as follows: TDS from 850 mg/L to 940 mg/L; Sulfate from 200 mg/L to 250 mg/L;
- Technical adjustment of the sulfate water quality criterion for the Red River from the mouth of the Little River to the Arkansas/Louisiana state line as follows: Sulfate from 200 mg/L to 225 mg/L.

(c) The rulemaking should have no impact on the Arkansas Red River Commission's long term plans because it results in no changes to current water quality conditions of the river.

Comment 3: The Arkansas Red River Commission submitted four (4) questions: (1) Will the proposed rulemaking change the water quality and total TDS levels currently existing in the Red River? (2) The rulemaking will change the designation in the Little River to the Louisiana state line from domestic water supply to non-domestic water supply. Is there another designation that can be used? If so, what is the process to get such designation approved and accepted by ADEQ? (3) Does the removal of the domestic water supply use designation on the Red River prevent or interfere with any future project to use, sell or transfer Red River water to in-state or out-of-state users? (4) Why is there such an inconsistent and conflicting set of mineral water quality standards for the Red River in Arkansas?

Domtar Response 3: (1) No, the proposed rulemaking will not change the water quality of the river or the total TDS levels currently existing in the Red River.

(2) Domtar is not requesting removal of the domestic drinking water use designation in either the Little River or the Red River, but a related rulemaking petition by SWEPCO does propose removal of the drinking water designation for the segment of the Red River from the mouth of the Little River to the Arkansas/Louisiana Line; and Domtar's proposal is expressly conditioned on approval of the SWEPCO rulemaking. Removal of drinking water designation from this segment of the Red River is appropriate because the Red River has naturally occurring mineral concentrations that regularly exceed secondary drinking water standards. The domestic drinking water use designation in the Red River from the Arkansas/Oklahoma state line to the Little River was removed more than two decades ago. Removal of the drinking water designation does not prevent the addition of other use designations. The procedure for adding a use designation is by rulemaking to amend Regulation No. 2.

(3) No, Domtar is not aware of any reason why removal of the domestic drinking water use designation would prevent or interfere with any future project to use, sell or transfer Red River water to in-state or out-of-state users.

(4) The inconsistencies in mineral standards in different reaches of the Red River in Arkansas are largely due to historical changes in how water quality standards were established and administered. The changes to Regulation No. 2 proposed by Domtar in this rulemaking and by SWEPCO in its related rulemaking will result in minerals criteria in Arkansas that are consistent with the minerals levels historically observed in the Red River. The fact that Texas and Oklahoma have much higher minerals criteria for the portions of the Red River upstream of the Arkansas state line is attributable to actions by those states that are beyond the control of Arkansas.

COMMENTS WITH ADEQ'S RESPONSE:

Comment 1.a. (in part): Dan York, Chairman of Arkansas Red River Commission

[I am] Concerned to see [an] increase of TDS, increase for any reach of the Red River, anywhere really, but specifically here in Arkansas. And also I read that there was a relaxation or striking of the drinking water designation for the Red River.

Comment 1.b. (in part): Wayne Dowd, member Red River Commission

Unfortunately the Red River Commission notice of these applications, I guess, or rule change was through the newspaper we've hardly had a chance to get our act together to understand fully what is requested. Therefore, speaking for myself, with limited knowledge as I understand the problem and the proposed solution I would be opposed to the rule change if it's going to add more contaminants to the river.

I don't know what they're discharging. The paper says additional minerals. I don't know what those minerals are. I think the commission probably should order a public hearing. I would

request one be granted. The many questions I have that I can't get answered, even though the proponents have very graciously tonight agreed to meet privately to answer those questions they won't be on record. Nor will our response to those answers to our questions be on record. And I think this is a matter of great public interest.

I think the matter needs to be looked at very closely because if you increase the contaminants in the river, it makes it less likely we're going to sell that water, much less a lot of it. In addition, I think the public needs to know what those contaminants are and all I know is that all the paper says are "minerals." The Red River has been under for quite some time (unless it's been relaxed) a mercury warning about eating more than two fish twice a month out of that river because of the mercury contained in the river and in the fish. If any of these minerals are mercury, that's certainly a contaminant in the river which is going to effect the public because there are a number of commercial fishermen that fish the river that have retail outlets here that sell fish out of the river. So I think that it'd be interesting for the public to know and I'm not going to read a 3 or 4 inch thick boilerplate application to change the rule to just find out are there are going to be additional minerals in there that maybe are going to hurt the public.

I would therefore request that the Commission consider holding a public hearing where we could get some answers on the record and possibly in the media so that the public can be aware of what's going on.

ADEQ Response 1.a and 1.b:

Domtar seeks to modify Arkansas Water Quality Standards for Total Dissolved Solids (TDS) and Sulfates in the Red River from the Arkansas/Oklahoma state line to mouth of the Little River as follows: TDS from 850 mg/L to 940 mg/L; Sulfate from 200 mg/L to 250 mg/L. Currently, no Domestic Water Supply designated use exists on this portion of the Red River, hence there is no proposal to remove "drinking water" uses for this segment of the Red River.

Additionally, Domtar seeks to modify Arkansas Water Quality Standards for the Red River from the mouth of the Little River to the Arkansas/Louisiana state line as follows: Sulfate from 200 mg/L to 225 mg/L. This modification does not exceed the Domestic Water designated use criteria of 250 mg/L for Sulfates, and therefore does not require any modifications to or removal of "drinking water" uses.

This petition seeks to increase the Arkansas Water Quality Standards for TDS and Sulfates to the naturally existing instream concentrations already found in the Red River. ADEQ data at station RED0025, located above the Domtar discharge, shows the 95th percentile of 957 mg/L for TDS and 242 mg/L for Sulfates. These proposed changes to the standards will not, in and of themselves, "increase TDS" or "add more contaminants to the river" within the Red River. This is simply a modification to the standards to reflect what is already naturally occurring in the Red River. This petition does not seek to remove Domestic Water Supply designated use within the Red River.

The "minerals" referenced in this proposal are Sulfates and TDS. TDS is made up of ions, commonly called "salts," such as sodium (Na+), chloride (Cl-), calcium (Ca2+), and magnesium (Mg2+), among others. The amounts and ratios of the different ions are largely dependent on the watershed's soil/geology types and land uses. Therefore, TDS makeup is not the same from one river to the next or from one part of the state, or ecoregion, to the next.

The request for a Public Hearing is acknowledged. Reg. 8.804 requires that at least one public hearing be held before a regulation is adopted, amended, or repealed. The hearing held on January 26, 2015, fulfilled this requirement. The Department noted that Domtar and their representatives stayed after the public hearing and answered questions.

Comment 2. (in part): Allan Gates of Mitchell Williams
...there is authority to extend, briefly, the comment period to allow additional time if that is requested tonight and so to afford as much opportunity as possible I ask that that extension be granted so that there will be that opportunity.
ADEQ Response:
The public comment period was extended until March 2, 2015.

Written Comments received before the extended March 2, 2015 date:
Comment 3.1 – 3.4: Arkansas Red River Commission (via Dan York)

Our questions pertain to the proposed rule change to increase the allowed TDS in the Red River from the Oklahoma/Arkansas line to the Arkansas/Louisiana line.

Comment 3.1.

With the proposed rule changes to the water quality standards and the issuance of the Domtar permit, will there be any change to the water quality and total TDS levels currently existing in the Red River?

ADEQ Response 3.1.

These proposed amendments to the standards will not, in and of themselves, "change the water quality and total TDS levels currently existing in the Red River." As stated above, the proposed amendments will reflect the levels that already naturally exist within these reaches of the Red River (95th percentile of ADEQ data). Domtar's permit limits will be issued using the Red River's water quality standards at the time of issuance. As is always the case, it will be the responsibility of the permittee to operate within the limits of the permit in order to meet water quality standards.

Comment 3.2.

The proposed change to water quality standards will change the designation in the Little River to Louisiana line stretch from 'domestic water supply' to 'non-domestic water supply'. Is there another designation that can be used, such as 'supplemental water supply? If not, what is the process to get such a designation approved and accepted by ADEQ?

ADEQ Response 3.2.

No changes are proposed within this petition for the Little River. Additionally, there is no proposal to remove "Domestic Water Supply" designated use for the Red River within this petition.

There is no other designated use for "drinking water" other than Domestic Water Supply in the Arkansas Water Quality Standards, APC&EC Regulation No. 2; there are no sub-uses. The U. S. Environmental Protection Agency (EPA) has set secondary Maximum Contaminant Levels (sMCL) for fifteen contaminants for "drinking water" uses. Levels for "minerals," Sulfate, Chloride, and TDS are 250 mg/L, 250 mg/L, and 500 mg/L, respectively (commonly referred to as 250/250/500).

Consequently, these values are used as Arkansas' water quality standards for Domestic Water Supply designated use. If instream concentrations of these parameters are above the 250/250/500 sMCL the water body is not meeting this standard. In some cases, elevated mineral concentrations are natural due to geological influences and in some cases elevated mineral concentrations are anthropogenic.

Unlike designated uses like fishable/swimmable uses, drinking water uses do not typically have sub-uses applied to them. They either meet the federally established sMCL (250/250/500

Comment 2. (in part): Allan Gates of Mitchell Williams
...there is authority to extend, briefly, the comment period to allow additional time if that is requested tonight and so to afford as much opportunity as possible I ask that that extension be granted so that there will be that opportunity.
ADEQ Response:
The public comment period was extended until March 2, 2015.

Written Comments received before the extended March 2, 2015 date:
Comment 3.1 – 3.4: Arkansas Red River Commission (via Dan York)

Our questions pertain to the proposed rule change to increase the allowed TDS in the Red River from the Oklahoma/Arkansas line to the Arkansas/Louisiana line.

Comment 3.1.

With the proposed rule changes to the water quality standards and the issuance of the Domtar permit, will there be any change to the water quality and total TDS levels currently existing in the Red River?

ADEQ Response 3.1.

These proposed amendments to the standards will not, in and of themselves, "change the water quality and total TDS levels currently existing in the Red River." As stated above, the proposed amendments will reflect the levels that already naturally exist within these reaches of the Red River (95th percentile of ADEQ data). Domtar's permit limits will be issued using the Red River's water quality standards at the time of issuance. As is always the case, it will be the responsibility of the permittee to operate within the limits of the permit in order to meet water quality standards.

Comment 3.2.

The proposed change to water quality standards will change the designation in the Little River to Louisiana line stretch from 'domestic water supply' to 'non-domestic water supply'. Is there another designation that can be used, such as 'supplemental water supply? If not, what is the process to get such a designation approved and accepted by ADEQ?

ADEQ Response 3.2.

No changes are proposed within this petition for the Little River. Additionally, there is no proposal to remove "Domestic Water Supply" designated use for the Red River within this petition.

There is no other designated use for "drinking water" other than Domestic Water Supply in the Arkansas Water Quality Standards, APC&EC Regulation No. 2; there are no sub-uses. The U. S. Environmental Protection Agency (EPA) has set secondary Maximum Contaminant Levels (sMCL) for fifteen contaminants for "drinking water" uses. Levels for "minerals," Sulfate, Chloride, and TDS are 250 mg/L, 250 mg/L, and 500 mg/L, respectively (commonly referred to as 250/250/500).

Consequently, these values are used as Arkansas' water quality standards for Domestic Water Supply designated use. If instream concentrations of these parameters are above the 250/250/500 sMCL the water body is not meeting this standard. In some cases, elevated mineral concentrations are natural due to geological influences and in some cases elevated mineral concentrations are anthropogenic.

Unlike designated uses like fishable/swimmable uses, drinking water uses do not typically have sub-uses applied to them. They either meet the federally established sMCL (250/250/500

for minerals) or they do not. Therefore they either meet Domestic Water Supply criteria or they do not.

Comment 3.3.

Does the removal of the 'domestic water supply' designation on the Red River prevent or interfere with any future project that might involve use, sale or transfer of water from Red River in Arkansas to out of state or in state users?

ADEQ Response 3.3.

There is no proposal within this petition to remove the Domestic Water Supply designated use within the Red River. However, water can still be used for drinking water purposes, even if it does not meet "drinking water" criteria; it will just need to be further treated to remove to the excess minerals.

Comment 3.4.

Why is there such an inconsistent and conflicting set of mineral water quality standards for the Red River within Arkansas? (The stretch from the Oklahoma line to Little River and from Little River to the Louisiana line?)

ADEQ Response 3.4.

When third parties or the State revise water quality standards, they may do so for any segment, or piece, of a waterbody. It is not a requirement to amend the water quality standards for an entire waterbody. This can result in differing water quality standards within a waterbody.

The effective date of this rule is after its approval by the Pollution Control & Ecology Commission and ten (10) days after its filing with the Secretary of State.

CONTROVERSY: This is not expected to be controversial.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: This is a third party rulemaking request made to the Arkansas Pollution Control and Ecology Commission ("Commission") by Domtar Industries, Inc., for a technical adjustment to the total dissolved solids and sulfate water quality criteria for the Red River. Arkansas Code Ann. § 8-4-202(c), allows any person the right to petition the Commission for the issuance, amendment, or repeal of any rule or regulation. Arkansas Code Ann. § 8-4-202(a) authorizes the Commission to adopt, modify, or repeal rules and regulations implementing or effectuating the powers and duties of the Commission and ADEQ, including rules concerning the water quality standards for the waters of this state. See also, Ark. Code Ann. §§ 8-4-201(b) and 8-4-202(b).

QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Arkansas Department of Environmental Quality

DIVISION Water Division

DIVISION DIRECTOR Ellen Carpenter

CONTACT PERSON Ellen Carpenter

ADDRESS 5301 Northshore Drive, North Little Rock, AR 72118

PHONE NO. 682-0665 **FAX NO.** 682-0880 **E-MAIL** carpenter@adeq.state.ar.us

NAME OF PRESENTER AT COMMITTEE MEETING Ellen Carpenter

PRESENTER E-MAIL carpenter@adeq.state.ar.us

INSTRUCTIONS

A. Please make copies of this form for future use.
B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201

****

1. What is the short title of this rule? Arkansas Pollution Control and Ecology Commission Regulation No. 2, Regulation Establishing Water Quality Standards for Surface Waters of the State of Arkansas.

2. What is the subject of the proposed rule? Technical Adjustment of the Arkansas Water Quality Standards (WQS) for the Red River from the Arkansas/Oklahoma state line to the Arkansas/Louisiana state line.

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes ☐ No ☒
   If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes ☐ No ☒
   If yes, what is the effective date of the emergency rule?

   When does the emergency rule

expire? _____

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes ☐ No ☐

5. Is this a new rule? Yes ☐ No ☒
If yes, please provide a brief summary explaining the regulation. _____

Does this repeal an existing rule? Yes ☐ No ☒
If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. _____

Is this an amendment to an existing rule? Yes ☒ No ☐
If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Act 472 of 1949, as amended, ARK. CODE ANN. § 8-4-101, et seq. and Ark. Act 401 of 1997, ARK. CODE ANN. § 8-5-901 et seq.

7. What is the purpose of this proposed rule? Why is it necessary? The purpose of the proposed rule is to amend APCEC Regulation No. 2 to:

(1) make a technical adjustment to the total dissolved solids ("TDS") and sulfate water quality criterion of the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River; and

(2) make a further technical adjustment to the sulfate water quality criterion of the Red River from the mouth of the Little River to the Arkansas/Louisiana state line.

The rule is necessary to adjust the sulfate and TDS criterion to levels that reflect current and historic water quality conditions which are controlled by naturally occurring conditions in Texas and Oklahoma. There are no economically feasible treatment technologies capable of reducing the dissolved mineral concentration to levels of the current standards in the affected segment of the Red River.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). http://www.adeq.state.ar.us/regs/drafts/draft_regs.htm

9. Will a public hearing be held on this proposed rule? Yes ☒ No ☐
If yes, please complete the following:

Date: January 26, 2015
Time: 6:00 p.m
Place: General Use Room of the Ashdown Campus of UA Cossotot, 1411 N.

Constitution Ave., Ashdown, AR
72822

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

February 9, 2015

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

August, 2015

12. Do you expect this rule to be controversial? Yes ☐ No ☒
If yes, please explain. ____

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

For or Neutral:

Arkansas Department of Environmental Quality
Arkansas Department of Health
Arkansas Natural Resources Commission
Region VI, US Environmental Protection Agency
Arkansas Game and Fish Commission

Against:

Unknown

EXECUTIVE SUMMARY

Domtar A.W. LLC ("Domtar") owns and operates a paper mill at Ashdown, Arkansas which discharges treated wastewater from a single outfall to the Red River under the provisions of NPDES Permit No. AR0002968 issued by ADEQ.

The Red River contains elevated levels of dissolved solids caused by input from natural salt springs and seeps in Oklahoma and Texas. The states of Texas, Oklahoma, Arkansas and Louisiana each have established total dissolved solids ("TDS") and sulfate criteria for the river which are spatially inconsistent. As it enters Arkansas, the Red River has a Texas TDS criterion of 1,100 mg/L and a sulfate criterion of 250 mg/L while, at the same time, the river has an Oklahoma TDS criterion of 1,220 mg/L and a sulfate criterion of 277 mg/L. The current TDS criterion for the segment of the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River is 850 mg/L which was set during a 1994 Third-Party Rulemaking which also removed the domestic drinking water use designation for this segment of the Red River. The current TDS criterion for the segment of the Red River from the mouth of the Little River to the Arkansas/Louisiana state line is 500 mg/L and is the subject of an on-going rulemaking filed by Southwestern Electric Power Company asking that the TDS criterion be established at 860 mg/L. The sulfate criterion of the Red River from the Arkansas/Oklahoma state line to the Arkansas/Louisiana is 200 mg/L.

The Red River is listed as impaired for TDS and chlorides in the Arkansas 2008 303(d) list. The consequence of the listing is that the limitations set in the facility's NPDES permit adversely impacts the operations of the facility despite the fact that the minerals loading/concentrations in the facility's discharge at full operation has a minor effect on the concentration of dissolved minerals in the Red River.

Domtar is requesting a technical adjustment to the TDS and sulfate water quality criteria of the Red River as follows:

- modification of the TDS and sulfate water quality criteria for the Red River from the Arkansas/Oklahoma state line to the mouth of the Little River as follows:
  - TDS from 850 mg/L to 940 mg/L
  - Sulfate from 200 mg/L to 250 mg/L;
- modification of the sulfate water quality criterion for the Red River from the mouth of the Little River to the Arkansas/Louisiana state line as follows:
  - Sulfate from 200 mg/L to 225 mg/L.

Domtar's proposed site-specific technical adjustments are supported by the following:

- Several unique circumstances including: (a) well known and long-term naturally occurring elevated levels of minerals in the Red River caused by input from natural salt springs and seeps in Texas and Oklahoma; (b) the highly inconsistent and conflicting minerals standards on the Red River established by the various agencies with jurisdiction over the water quality standards of the Red River; (c) no other water body in Arkansas has such an inconsistent and conflicting set of mineral water quality standards; and (d) the currently pending (before the APCE&C) SWEPCO request to amend water quality standards on the Red River supported by its Use Attainability Analysis (UAA)..

- The Red River situation is unique. There is no similar water body in Arkansas with the inconsistent and conflicting water quality minerals criteria;

- TDS and sulfate criterion in the Red River are spatially inconsistent because of the criteria separately established on the same segments of the river by Oklahoma, Texas and Arkansas;

- TDS concentrations in the Red River historically exceed the current TDS criterion of 850 mg/L due to elevated levels of dissolved solids caused primarily by input from natural salt springs and seeps in Oklahoma and Texas.

- The TDS and sulfate criterion in the Red River make no sense and have no rational connection to the longstanding historical reality in the river;

- The technical adjustments reflect current conditions, bring consistency to the criteria on the Red River, and allow Domtar to operate efficiently and within projected permit limits while protecting designated uses for the Red River;

- There is no current economically feasible treatment technology for the removal of the minerals to meet the current criteria. Reverse osmosis treatment technology does exist; however, this technology is not cost effective and generates a concentrated brine which is environmentally difficult to dispose of. The technology is not required to meet the designated uses and would produce no significant additional environmental protection.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Department of Environmental Quality
DIVISION Water Division
PERSON COMPLETING THIS STATEMENT Marcella Taylor
TELEPHONE NO. 688-8851 **FAX NO.** 918-7851 **EMAIL:** mtaylor@mwlaw.com

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Arkansas Pollution Control and Ecology Commission Regulation No. 2, Regulation Establishing Water Quality Standards for Surface Waters of the State of Arkansas.

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☐ No ☒

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes ☒ No ☐

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

   If an agency is proposing a more costly rule, please state the following:

   (a) How the additional benefits of the more costly rule justify its additional cost;

   (b) The reason for adoption of the more costly rule;

   (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

   (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

   (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year		**Next Fiscal Year**	
General Revenue		General Revenue	
Federal Funds		Federal Funds	
Cash Funds		Cash Funds	
Special Revenue		Special Revenue	
Other (Identify)		Other (Identify)	

Total	$ 0	Total	$ 0

(b) What is the additional cost of the state rule?

Current Fiscal Year		Next Fiscal Year	
General Revenue		General Revenue	
Federal Funds		Federal Funds	
Cash Funds		Cash Funds	
Special Revenue		Special Revenue	
Other (Identify)		Other (Identify)	
Total	$ 0	Total	$ 0

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year	Next Fiscal Year
$ 0	$ 0

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year	Next Fiscal Year
$ 0	$ 0

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars ($100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☒

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule's basis and purpose;

(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

(3) a description of the factual evidence that:
(a) justifies the agency's need for the proposed rule; and

(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

(7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:

(a) the rule is achieving the statutory objectives;
(b) the benefits of the rule continue to justify its costs; and
(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.