


Johnston County

DEPARTMENT OF PUBLIC UTILITIES

POST OFFICE BOX 2263
SMITHFIELD, N.C. 27577
(919) 989-5075

TO: Environmental Management Commissioners

FROM: Chandra C. Farmer, PE 
Director of Utilities
Johnston County

DATE: January 8, 2019

RE: Fiscal Note and DWR Recommended Changes to Neuse Estuary Rules

Johnston County offers the following comments in response to the "Fiscal Note for Proposed Amendments to the Neuse & Tar-Pamlico Nutrient Strategy Rules" prepared by DWR:

1. The document indicates that existing sufficient nitrogen allocation is available within the Neuse basin for sale, trade or lease to meet current and near-term future needs. However, this is **not** the case. In order to meet projected demands within Johnston County, a wastewater treatment facility expansion is required to be on-line by 2022. A proposed 4.0 MGD expansion is under design, and the County has been working with NC DEQ to renew and modify the existing NPDES permit. The permit allows for operation of a 9.5 MGD treatment facility, but provides effluent limits for up to 13.5 MGD. However, the County's existing nitrogen allocation is only sufficient for approximately 11.5 MGD (based on 2.0 mg/L effluent Nitrogen). Therefore, over the past 18 months, we have been actively seeking available nitrogen allocation for purchase or long-term lease. To date, the only available allocation for purchase is 1,000 lbs/year. An agreement is pending for Johnston County to purchase this allocation. Furthermore, the County has been unable to identify any nitrogen allocation available within the basin for long-term lease (beyond 10-20 years).
2. The document appears to misrepresent the actual cost to obtain nitrogen offset credits. Please see Johnston County's example below:
 - If the County were required to purchase additional nitrogen offset credits under the current rule to expand to 13.5 MGD based on 3.5 mg/L effluent nitrogen concentration, the required up-front cost to the County would be \$27.3 M. This is determined as follows:
 - Allocation Needed = $(13.5 - 11.5 \text{ MGD}) \times 3.5 \text{ mg/L} \times 8.34 \times 365 \text{ days} = 21,309 \text{ lbs/yr}$
 - Required Offset Purchase = $21,309 \text{ lbs/yr} \times 30 \text{ years} \times \$21.34/\text{lb} \times 200\% = \mathbf{\$27.3 \text{ M}}$
 - If the County were required to purchase additional nitrogen offset credits under the proposed rule to expand to 13.5 MGD based on 3.5 mg/L effluent nitrogen concentration, the required up-front cost to the County would be \$5.0 M. This is determined as follows:
 - Allocation Needed = $(13.5 - 11.5 \text{ MGD}) \times 3.5 \text{ mg/L} \times 8.34 \times 365 \text{ days} = 21,309 \text{ lbs/yr}$
 - Required Offset Purchase = $21,309 \text{ lbs/yr} \times 10 \text{ years} \times \$21.34/\text{lb} \times 110\% = \mathbf{\$5.0 \text{ M}}$
3. Johnston County fully supports the comments submitted by the Neuse River Compliance Association, prepared by Daniel F. McLawhorn and Haywood M. Phthisic and dated January 7, 2019.

EMC
1/8/19

Johnston County must secure additional allocation or credits in order to obtain a modified NPDES permit and begin additional treatment capacity project construction by 2020. This is required in order to meet the **immediate** needs of industrial, institutional, commercial and residential development within the County. When the cost of additional nitrogen allocation is added to the cost of treatment facility construction, new customers will be forced to pay system development fees that will far exceed other areas of the State and Country. This will impact economic development within the Neuse River Basin. Furthermore, it puts additional burden on point source discharges that have already significantly reduced nitrogen effluent concentrations and meets or exceeds the limits of best available technologies.

cc: Assistant Secretary Shelia Holman
DWR Director Linda Culpepper