



TO: Orange County Sanitation District

FROM: Eric Sapirstein

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SUBJECT: Washington Update

Over the past month, congressional and U.S. Environmental Protection Agency (USEPA) activities have advanced several policy and regulatory priorities of interest to OC San. The USEPA Administrator Lee Zeldin held a joint briefing with the Department of Health and Human Services Secretary RFK, Jr. to outline a commitment to address PFAS impacts on public health and the environment. In tandem with the briefing, the USEPA published two proposed per- and polyfluoroalkyl substances (PFAS) rules. The first would extend the water agency treatment compliance deadline for perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) maximum contaminant levels to 2031 from the current 2029 deadline. The extension would be based on a review of a water agency's circumstances. The second rule would rescind drinking water standards for four additional PFAS compounds and GEN-X (GenX is a trade name for a synthetic chemical belonging to PFAS class).

In Congress, progress on the Fiscal Year 2027 appropriations occurred in the House as the Committee on Appropriations approved USEPA's budget, clearing the bill for House floor action later this spring. As approved on a party line vote EPA would be cut by approximately 20 percent below the FY 2026 enacted level.

Separately, the U.S. Government Accountability Office (GAO) testified before the House Committee on Science, Space, and Technology on growing concerns over cybersecurity threats to the water sector. Lastly, efforts to legislate passive receivers liability protections for the water sector related to EPA's designation of PFAS under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) continues. Members on the House and Senate committees with jurisdiction over CERCLA are attempting to develop a passive receivers liability exemption. If successful, agencies like OC San, would be protected from frivolous litigation from Potentially Responsible Parties that seek to shift PFAS clean-up burdens on to the public simply because an agency had to treat the PFAS contaminated wastewaters.

The following summarizes key issues of interest.

FY 2027 Appropriations: EPA Water Infrastructure Programs

The House Committee on Appropriations approved EPA's FY27 spending bill. The bill would cut EPA by approximately \$1.8 billion (twenty percent) below the enacted FY26 level. Despite the overall EPA reduction, the bill retains grant funding flowing directly to states and tribes for water infrastructure and continues Community Project Funding for EPA Clean Water and Drinking Water State Revolving Fund (SRF) projects. Although the overall SRF account would be reduced by approximately \$100 million, the committee agreed to provide \$2 billion for the FY27 SRF Capitalization Grants Account. However, as part of the committee action, the SRF would fund Community Project Requests providing \$506 million for water and \$526 million wastewater projects, reducing the SRF capitalization grants by like amounts.

Importance of Committee Action

While OC San does not rely upon the SRF, the continued funding maintains the federal partnership to support communities meet federal water quality mandates. For California, if the funding level is enacted, the State would receive approximately \$72 million in SRF Capitalization Grant assistance in the coming fiscal year.

EPA Preparing to Issue Biosolids Land Application Guidance and Effluent Limitation Guidelines for Industry Related to PFAS

The Office of Water is expected to issue guidance to the States on how to set standards to address PFAS in biosolids. The guidance reportedly will provide for a tiered approach to set acceptable levels of PFAS that may be present in biosolids and establish a scientifically defensible approach to managing continued land application of biosolids while protecting public health and the environment.

The EPA is also preparing to issue long delayed effluent limitation guidelines (ELG's) that would require industrial dischargers to treat for PFAS before discharging effluent. The expectation is the ELG's would lead to source control of PFAS and reduce the presence in wastewaters that agencies like OC San must treat.

Importance of Guidance and ELG's

EPA's anticipated actions are important for two reasons. First, the biosolids land application guidance will bring clarity on how to assess risk assessments related to land application. The original draft Risk Assessment Model that was issued in the final two weeks of the Biden Administration received more than 24,000 public comments. Many of the comments cited the model's deficiencies and lack of sound science upon which biosolids management decisions would be made. The issuance of ELG's will for the first time put in place standards to reduce PFAS wastewater discharges from industry. When finalized, the ELG's should support efforts to reduce the burden and costs imposed on wastewater agencies to treat these sources of PFAS.

EPA PFAS Drinking Water Rule: Proposed Rescission and Compliance Extension

On May 18, the EPA announced two proposed rules under the Safe Drinking Water Act related to PFAS in drinking water. In taking this action, EPA stated that it would re-examine the need to regulate the PFAS compounds once the rules are finalized.

The first proposed rule would roll back or rescind the drinking water maximum contaminant levels (MCLs) for four PFAS compounds established under the Biden Administration's April 2024 National Primary Drinking Water Regulation perfluorohexane sulfonic acid (PFHxS), perfluorononanoic acid (PFNA), hexafluoropropylene oxide dimer acid (HFPO-DA, commonly known as GenX). As part of this action, the agency would rescind the Hazard Mixture Index (Index) that would have set a treatment standard for any mixture of these three PFAS and other future chemicals. EPA stated that the prior rule failed to follow the statutory requirements of the Safe Drinking Water Act in establishing the standards. Under the law, the agency must regulate on a chemical by chemical basis and not the novel Index approach that the Biden EPA relied upon to issue the MCL.

The second proposed rule upholds the existing 4 parts per trillion MCL for PFOA and PFOS that EPA also issued under the Biden EPA. However, EPA is now proposing to allow public water systems to apply for a two-year compliance extension, extending the compliance deadline from 2029 to 2031.

Regardless of the court challenge EPA has scheduled a virtual public hearing on July 7, 2026, to receive verbal comments. The public hearing will address both rules. The deadline to pre-register to provide verbal comment is July 1, 2026.

Importance of EPA Actions

EPA's decision to rescind the standards related to additional PFAS chemicals is important. It recognizes the agency failed to follow the law in relying upon a "hazard mixture index" approach to set a treatment standard. If the rescission withstands expected court challenges, it will require documented science on the public health threats from each chemical. The other action includes reaffirming the 4 parts per trillion MCL for PFOS and PFOA, to allow for an extended compliance date of an additional two years is important because if a water agency can make a compelling case for additional time, it would help to address affordability impacts.

Water Sector Cybersecurity: Congressional Hearing and GAO Testimony

On May 21, 2026, the Government Accountability Office (GAO) testified before the House Committee on Science, Space, and Technology's Subcommittee on the Environment at a hearing titled "Research-Driven Resilience: Applying Science to Secure U.S. Water Systems from Cyber Threats." GAO testified that threat actors, including state-sponsored hackers and criminal groups, are increasingly capable of cyberattacks on water systems, in part because operational technologies that control valves, pumps, and other physical infrastructure are increasingly connected to internet-enabled devices. GAO also noted that gaps in EPA's capacity to assess and support water sector cybersecurity needs.

GAO warned directly in its testimony that the proposed reductions to the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency budget may limit the federal government's ability to support water and wastewater system resilience and cybersecurity efforts.

Importance of GAO Testimony

Water and wastewater agencies are facing growing cybersecurity requirements under the America's Water Infrastructure Act, while federal resources that support threat assessment and remediation efforts face potential reductions. Recent GAO testimony underscored the water sector's vulnerability to cyberattacks and the importance of maintaining robust cybersecurity defenses for critical infrastructure. As Senator Schiff develops water sector legislation, there is an opportunity to provide targeted funding and resources that would help utilities meet federal requirements and strengthen cybersecurity resilience.