CPR Case Brief:

Alt v. EPA: District Court Ruling Opens Gap in Clean Water Protections, Invites CAFOs to Ignore Pollution Standards

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Introduction

On October 23, 2013, Judge John Preston Bailey of the U.S. District Court for the Northern District of West Virginia ruled that pollutants from industrial animal farms that are washed by rain from outside a confinement house into a stream are exempt from the Clean Water Act’s (CWA) permitting requirements. The judge found in favor of Lois Alt, a West Virginia farmer who raises 200,000 chickens a year at her farm. Normally, a concentrated animal feeding operation (CAFO) like Ms. Alt’s must get a permit to discharge into surface waters. Congress added a provision to the CWA in 1987 excusing agricultural stormwater discharges from permitting requirements. The Environmental Protection Agency (EPA) has interpreted this exemption as only covering areas in which manure is applied to land in accordance with specific guidelines. In ruling against EPA, Judge Bailey substituted his own interpretation of the statute and implementing regulations instead of deferring to EPA’s reasonable and consistent interpretation. If appealed and upheld, the decision would greatly expand the scope of the exemption and could mean that thousands of other large industrial farms do not need permits.

Background

Statutory and Regulatory Background

Congress enacted the CWA in 1972, making the unpermitted discharge of pollutants into navigable waters illegal.¹ Under the CWA’s National Pollutant Discharge Elimination System (NPDES), a point source discharger may apply for a permit and, if granted, the discharger must comply with the parameters articulated in the permit.² From the beginning, the term “point source” included CAFOs.³ Specifically, a point source was defined as “any discernible, confined and discrete conveyance, including but not limited to any . . . concentrated animal feeding operation . . . from which pollutants are or may be discharged.”⁴

In 1987, Congress amended the CWA to exclude “agricultural stormwater discharges” from the definition of a point source.⁵ The U.S. Court of Appeals for the Second Circuit addressed the relationship between the inclusion of CAFOs as a regulated point source and the exclusion of agricultural stormwater discharges in Concerned Area Residents for the Environment v. Southview Farm.⁶ The case dealt with the question of whether polluted runoff from fields at a large cattle farm that had been over-saturated with liquid manure constituted a violation of the CWA or was exempt by virtue of the stormwater exception. Finding both that the dairy farm was a regulated CAFO and that it was reasonable to conclude that the runoff was primarily caused by the heavy application of manure rather than precipitation,⁷ the Second Circuit held that the dairy operation was a point source and not entitled to any agricultural exemption.⁸

In 2003, EPA promulgated a rule stating that the discharge of manure or litter from a CAFO as a
result of the application of that material to “land areas” under the control of the CAFO is a regulated point source discharge unless the stormwater exception applies. The rule went on to provide that the exception for agricultural stormwater would be triggered where the manure or litter has been applied to land in accordance with site-specific nutrient management guidelines. The agency reasoned that when manure was applied at appropriate rates, it was a beneficial agricultural production input. In contrast, where appropriate management practices were not used, EPA concluded that discharges of manure were not beneficial and should not qualify as agricultural stormwater.

A wide range of groups challenged the 2003 rule, and the cases were consolidated in the Second Circuit as Waterkeeper Alliance v. EPA. Most important for these purposes, the Waterkeeper court upheld EPA’s interpretation that precipitation-related discharges from land application areas were agricultural stormwater if the waste was applied in accordance with guidelines. The court noted that the CWA’s treatment of agricultural stormwater was ambiguous: “[T]he Act expressly defines the term ‘point source’ to include ‘concentrated animal feeding operations[’]; the Act expressly defines ‘point source’ to exclude ‘agricultural stormwater[’]; and the Act makes absolutely no attempt to reconcile the two.” Under Chevron v. NRDC and U.S. v. Mead, a court is required to defer to such an agency interpretation if the statutory language is unclear and the agency’s interpretation is reasonable. Here, the Second Circuit found EPA’s construction reasonable.

In light of the Waterkeeper decision, EPA promulgated a revised CAFO rule in 2008. Although the court had upheld the agency’s interpretation of the agricultural stormwater exemption, EPA revised the rule to state that large CAFOs that were unpermitted (because they did not discharge or did not propose to discharge) must also use site-specific management practices in order for their precipitation-related discharges to qualify as agricultural stormwater.

Shortly after publishing the 2008 rule, EPA issued guidance letters helping to explain the scope of the new rule. The letters stated EPA’s position that poultry growers must apply for CWA permits to release dust through poultry confinement house ventilation fans. Agricultural groups challenged the guidance letters in National Pork Producers Council v. EPA. They argued that the guidance documents amounted to a substantive rule issued in contravention of the Administrative Procedure Act’s notice-and-comment requirements. The U.S. Court of Appeals for the Fifth Circuit had no trouble dismissing the challenge because the letters did not constitute reviewable, final agency action. Specifically, “the guidance letters merely restate[d] [the CWA’s] prohibition against discharging pollutants without an NPDES permit” and had “no effect on [a] party’s rights or obligations.” In other words, the letters simply reiterated what CAFO operators always had to do under the CWA regulatory program: obtain permits for manure and other litter that ventilation fans blew into farmyards.

The Farm Lobby’s Influence

The Alt case can be viewed as one prong in the farm lobby’s concerted and longstanding effort to escape regulation under the CWA. Despite being a major contributor to water pollution—agriculture, for example, is responsible for half of the pollution entering the Chesapeake Bay—the industry has largely escaped regulation and is fighting to hold onto this privileged position. Through the American Farm Bureau Federation, its powerful and well-funded trade association, the farm lobby has used every available tool to avoid regulation under the CWA. It has
challenged every new EPA CAFO rule; it has staged public relations campaigns that claim to be grassroots efforts mounted by farmers; and it has mounted a judicial challenge to EPA’s Chesapeake Bay Total Maximum Daily Load (TMDL), a federally led restoration effort that every Bay state supports.

The farm lobby represents, among others, the chicken processing industry—companies such as Perdue and Tyson. These large companies, known as integrators, contract with smaller farmers to raise chickens. CAFOs are tightly controlled by these integrators, which specify exactly how chickens are to be grown, inspect farms regularly, and sign lengthy contracts with farmers.

A closer look at the Alt case reveals the hand of the farm lobby. According to the Bay Journal, the West Virginia Farm Bureau bankrolled Ms. Alt’s case. The West Virginia Farm Bureau and the American Farm Bureau Federation successfully intervened in the case to argue for weaker oversight. Ms. Alt raises chickens for Pilgrim’s, the second-largest chicken producer in the world. The company employs approximately 38,000 people and has the capacity to process more than 36 million birds per week. Ms. Alt is one of about 3,900 contract growers who supply poultry for the company's operations.

Facts & Procedural History

Lois Alt raises 200,000 chickens a year at her West Virginia CAFO. Ventilation fans blew litter and manure out of Ms. Alt’s eight chicken houses. Rainwater washed this pollution from the yard surrounding the chicken houses into Mudlick Run, a nearby stream, by means of “man-made ditches.” Lois Alt did not have a CWA permit authorizing these discharges.

On November 14, 2011, EPA issued an administrative order finding Ms. Alt in violation of the CWA for discharging without a permit. EPA ordered her to apply for a permit and informed her that, under the law, she could be subject to civil or criminal penalties. Ms. Alt filed suit in district court asking for a declaratory judgment that she should not be subject to CWA permitting requirements.

The court allowed the American Farm Bureau Federation and the West Virginia Farm Bureau to intervene on Ms. Alt’s behalf. According to the Bay Journal, the West Virginia Farm Bureau also funded Ms. Alt’s case. The court also permitted five environmental groups to intervene on the side of EPA but denied the Chesapeake Bay Foundation’s (CBF) motion to intervene and then its motion to file a brief as amicus curiae.

By all accounts, Ms. Alt always ran a clean operation. After EPA inspectors found manure on the ground outside the chicken houses, she stepped up her efforts further and began using a conveyor belt and hopper to clean the chicken houses. After she implemented these practices, EPA re-inspected the farm and withdrew its findings and order. It then moved to dismiss the case as moot. Judge Bailey, however, refused to dismiss the case and proceeded to the merits.
The Alt case presented one issue: whether the litter and manure found on Ms. Alt’s farmyard, which was picked up by rainwater and traveled through “man-made ditches” into Mudlick Run creek was exempt from CWA permitting requirements under the agricultural stormwater exception to the definition of a point source. Ms. Alt asked the court to find that EPA’s determination that she had violated the CWA by discharging without a permit was arbitrary and capricious in violation of the Administrative Procedure Act.

The Court’s Reasoning

The Court Improperly Substituted its Interpretation of the Exemption for EPA’s

The court rejected EPA’s argument that it had interpreted the entire scope of the exemption in the 2003 rulemaking. As support, Judge Bailey quoted from the preamble to the 2003 rule:

EPA does not intend its discussion of how the scope of point source discharges from a CAFO is limited by the agricultural storm water exemption to apply to discharges that do not occur as a result of land application of manure, litter, or process wastewater by a CAFO to land areas under its control . . . .

Based almost entirely on this one sentence, the judge concluded that the regulations did not define agricultural stormwater discharges within the context of CAFO farmyard runoff. In so finding, the court avoided applying Chevron deference to the agency’s interpretation. Instead, it applied what it termed “common sense and plain English” and found that Ms. Alt’s CAFO was agricultural in nature and that the runoff from her farmyard was stormwater. The court’s conclusion flies in the face of EPA’s 2003 rule—upheld as reasonable by the Second Circuit in Waterkeeper. Throughout the rulemaking, the agency was clear that the agricultural stormwater exemption only applied in the context of proper land application. The language of the regulation is straightforward:

A precipitation-related discharge of manure, litter, or process wastewater from land areas under the control of a CAFO [such as Ms. Alt’s farmyard] shall be considered an agricultural stormwater discharge only where the manure, litter, or process wastewater has been land applied in accordance with site-specific nutrient management practices that ensure appropriate agricultural utilization of the nutrients in the manure, litter, or process wastewater . . . .

When writing the exemption, Congress did not define “agricultural stormwater” or the scope of the exemption, leaving it up to the agency to interpret. In its proposed rule, issued in 2001, EPA sought to reconcile Congress’ desire to regulate CAFOs with the subsequent exemption for agricultural stormwater. “The production area of the CAFO would continue to be ineligible for the agricultural storm water discharge exemption because it involves the type of industrial activity that originally led Congress to single out concentrated animal feeding operations as point sources.” The agency reasoned that when manure was used to fertilize fields according to certain guidelines, it was a beneficial agricultural production input. Where appropriate management
practices were not used, however, the manure was not beneficial and any discharges from fields should not qualify as agricultural stormwater. Likewise, the rationale for the exemption does not extend far enough to cover poultry waste that is blown outside of a poultry house; this waste is even further removed from having a beneficial agricultural purpose.

Moreover, the agency clarified in its 2008 guidance documents that poultry growers must apply for permits for the releases of dust through poultry confinement house ventilation fans. Applying the relatively strict standard set forth in *Skidmore v. Swift & Co.*, Judge Bailey dismissed these documents as unpersuasive. *Skidmore*, however, applies when an agency interprets a statute; *Auer v. Robbins* applies where, as here, an agency interprets its own regulations. Under the *Auer* standard, an agency’s interpretation of its own regulations is entitled to deference even when the interpretation does not come in the form of an official rulemaking.

In this case, the 2008 guidance letters announcing EPA’s interpretation of the 2003 and 2008 rules were unequivocal:

> The CWA prohibits the discharge of “pollutants” through a “point source” into a “water of the United States” except where authorized by an NPDES permit. Potential sources of such pollutants at a CAFO could include . . . litter released through confinement house ventilation fans. For CAFOs, any point source discharge of stormwater that comes into contact with these materials and reaches waters of the United States is a violation of the CWA unless authorized by a Clean Water Act NPDES permit.

The Fifth Circuit further emphasized EPA’s consistent interpretation of the exemption, noting in *National Pork Producers* that it had never been a question that poultry growers had to get a permit for pollution that ventilation fans blew from chicken houses.

**The Stormwater Came from a CAFO Production Area**

EPA and the other defendants argued, in the alternative, that stormwater from a CAFO production area was not entitled to the stormwater exemption. The court did not reach this specific question, however, because it found that the farmyard was not a production area. Regulations define the term “production area” as “part of an AFO that includes the animal confinement area, the manure storage area, the raw materials storage area, and the waste containment areas.” The court reasoned that the farmyard could only fit into the confinement-area category. The second sentence of the definition provides that “[t]he animal confinement area includes but is not limited to open lots, housed lots, feedlots, confinement houses, stall barns, free stall barns, milking centers, cowyards, barnyards, medication pens, walkers, animal walkways, and stables . . . .” According to the court, this list only includes areas where animals may be kept or raised, and since the farmyard was not an area where animals could be kept or raised, it was not a confinement area.

The court failed to explain its distinction between a farmyard and a barnyard, or why a farmyard is not an open lot. The court’s reasoning also ignored the inclusive language of the definition—“includes but is not limited to”—and substituted its own interpretation of the regulation instead of deferring to EPA’s interpretation.
The Discharges Were Also Subject to Industrial Stormwater Permitting Requirements

The defendants finally argued that Ms. Alt was required to obtain industrial stormwater permits in addition to NPDES permits for the discharges from her CAFO. This argument follows logically from the overlapping definitions of industrial stormwater and point sources. The court misunderstood, thinking that the defendants were arguing that the discharges were industrial rather than agricultural. The rest of the court’s reasoning responded to this mistaken understanding and did not address the defendant’s actual contention.

Conclusion

The decision has left a gap in the regulatory program. Admittedly, there is tension between the way that Congress called for the regulation of CAFOs as point sources and the stormwater exception. The agency dealt with this tension in an entirely reasonable way. As long as manure and litter is properly applied under the applicable regulations, the stormwater exception applies. If not, the danger of excessive water pollution is just too great.
Endnotes

1 33 U.S.C. § 1311.
5 Id.
6 34 F.3d 114 (2d Cir. 1994).
7 Id. at 123.
8 Id. at 121.
9 Id. at 123.
10 National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitation Guidelines and Standards for Concentrated Animal Feeding Operations (CAFOs); Final Rule, 68 Fed. Reg. 7176, 7197 (Feb. 12, 2003) (codified at 40 C.F.R. § 122.23(e) (2013)).
11 Id. These management practices must be specified in all CAFO permits. 68 Fed. Reg. at 7197 (codified at 40 C.F.R. § 122.23(h)(1)).
12 Id. at 7197–98. The 2003 rule also imposed a duty on all CAFOs to apply for a permit and established best management practices for production areas and land application areas. Id. at 7200, 7270.
13 399 F.3d 486 (2d Cir. 2005).
14 Id. at 507.
17 Waterkeeper, 399 F.3d at 507. The Second Circuit also upheld EPA’s authority to regulate the discharge of manure from a land application area. Id. at 510. In addition, the court required EPA to review nutrient management plans, make them available for public comment, and eventually incorporate portions of the plans into the CAFO’s permit. Id. at 498, 504. In a victory for the American Farm Bureau Federation, however, the court held that the rule’s requirement that all CAFOs apply for a permit violated the CWA because the act “gives the EPA jurisdiction to regulate and control only actual discharges.” Id. at 505.
18 Revised National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitations Guidelines for Concentrated Animal Feeding Operations in Response to the Waterkeeper Decision, 73 Fed. Reg. 70,418, 70,434 (Nov. 20, 2008) (codified at 40 C.F.R. § 122.23(e)(1)). The agency also complied with the Waterkeeper holding by specifying that a CAFO must seek permit coverage when it actually discharges or proposes to discharge. 73 Fed. Reg. at 70,422 (codified at 40 C.F.R. § 122.21(a)).
20 Id.
21 Id. at 755.
22 Id. at 756.
24 See, e.g., SAVEFARMFAMILIES.ORG, http://www.savefarmfamilies.org/ (Perdue-sponsored website devoted to challenging a Maryland lawsuit seeking liability for integrators such as Perdue); see also FOOD & WATER WATCH, FACT SHEET: SIX MYTHS AND FACTS ABOUT

25 See Anne Havemann, Center for Progressive Reform Case Brief #1308, Case Brief: American Farm Bureau Federation v. EPA (Oct. 2013), available at http://www.progressivereform.org/articles/FBF_CaseBrf1308.pdf (summarizing the federal district court decision upholding the TMDL against a challenge by the Farm Bureau).


30 The defendant-intervenors were the Potomac Riverkeeper, the West Virginia Rivers Coalition, the Waterkeeper Alliance, the Center for Food Safety, and Food & Water Watch.

31 In its motions, CBF argued that it offered a “‘unique’ ability ‘to identify the efforts made by farmers and conservation groups to minimize’ discharges of pollutants like those admitted by the Alts and Industry Intervenors.” The environmental intervenors rejected CBF’s argument, stating that the efforts taken by operators to reduce runoff—an issue of fact—had no relevance to the legal issue presented of whether the runoff from the farmyard was subject to the CWA. Response of Potomac Riverkeeper, West Virginia Rivers Coalition, Waterkeeper Alliance, Center for Food Safety, and Food & Water Watch to Joint Motion for Leave to Participate As Amicus Curiae, Alt v. EPA, No. 2:12-CV-00042-JPB (N.D. W. Va. Aug. 19, 2013). The farm lobby opposed CBF’s intervention for fear of prejudice. Joint Opposition of Plaintiff, Ms. Lois Alt, and Plaintiff-Intervenors to Intervention by Chesapeake Bay Foundation, Alt v. EPA, No. 2:12-CV-00042-JPB (N.D. W. Va. July 9, 2013).


33 Courts are limited to hearing only cases or controversies. U.S. CONST. art. III. A defendant claiming that a case is moot bears the burden of proving that “the allegedly wrongful behavior could not reasonably be expected to recur.” Friends of the Earth, Inc. v. Laidlaw Envtl. Servs., Inc., 528 U.S. 167, 190 (2000). Judge Bailey concluded that, despite withdrawing this particular violation, EPA still held the position that such discharges were covered by the CWA, thus the agency was likely to find other similarly situated operations in violation of the CWA. Order Denying Motion to Dismiss, Granting Intervention, and Establishing Briefing Schedule, Alt v. EPA, No. 2:12-CV-00042-JPB (N.D. W. Va. Apr. 22, 2013).

34 Id. at 20. The term “land application area” is defined as “land under the control of an [animal feeding operation] owner or operator . . . to which manure, litter or process wastewater from the production area is or may be applied.” 40 C.F.R. § 122.23(b)(3).


40 C.F.R. § 122.23(e)(1) (emphasis added).

National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitations Guidelines and Standards for Concentrated Animal Feeding Operations; Proposed Rule, 66 Fed. Reg. 2960, 3031 (Jan. 12, 2001). Although the court agreed with Ms. Alt’s argument that the farmyard and production area were distinct, this conclusion was also in error. See infra text accompanying notes 46–49.

The 2003 rule also imposed a duty on all CAFOs to apply for a permit and established best management practices for production areas and land application areas.


323 U.S. 134 (1944).


Id. at 462.


Nat’l Pork Producers Council v. EPA, 635 F.3d 738, 756 (5th Cir. 2011).


40 C.F.R. § 122.23(b)(8).

Id.

As EPA wrote in its motion for summary judgment, the inclusion of “open lots” and “barnyards” in the definition encompass what plaintiffs refer to as the “farmyard.” Regardless of the label, EPA considers a CAFO to include “all of its various components, and is not limited to each separate barn, shed, or pen.” The United States’ Memorandum in Support of Its Cross-Motion for Summary Judgment and in Opposition to Plaintiffs’ Motion for Summary Judgment at 18, Alt v. EPA, No. 2:12-CV-00042-JPB (N.D.W. Va. Aug. 1, 2013).

“Defendants next argue that the discharges from the Alt farmyard are industrial rather than agricultural.” Alt, No. 2:12-CV-00042-JPB, at 25.
About the Center for Progressive Reform

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