

United States District Court  
Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re  
CLEAN WATER ACT  
RULEMAKING.

No. C 20-04636 WHA  
No. C 20-04869 WHA  
No. C 20-06137 WHA

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This Document Relates to: (Consolidated)  
ALL ACTIONS. **ORDER RE MOTION FOR  
REMAND WITHOUT VACATUR**

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**INTRODUCTION**

Plaintiff states, tribes, and non-profit conservation groups have challenged EPA’s Clean Water Act certification rule, and now EPA moves to remand the proceedings without vacatur. For the reasons stated, the rule is remanded to the agency with vacatur.

**STATEMENT**

The Federal Water Pollution Control Act Amendments of 1972, commonly known as the Clean Water Act, is the primary federal statute regulating water pollution. Congress enacted the Clean Water Act in 1972 — over then-President Nixon’s veto — but the roots of the Act extend much farther back to 1899 and the Rivers and Harbors Act. That statute, often referred to as the Refuse Act, primarily ensured free and open navigability of the waters of the United States, but also prohibited the discharge of “refuse matter of any kind or description whatever other than that flowing from streets and sewers and passing therefrom in a liquid state, into any

1 navigable water of the United States,” and authorized the Secretary of the Army to permit such  
2 discharges under certain conditions. *See* 33 U.S.C. §§ 407 *et seq.* In 1948, following an  
3 increase in industrialization throughout the country, Congress passed the Federal Water  
4 Pollution Control Act (FWPCA). *See generally* Joel Gross & Kerri Stelcen, *Clean Water Act*  
5 2–7 (2d ed. 2012).

6 In 1969, two events would help foster a new environmental awareness in the United  
7 States and prompt the promulgation of amendments to the FWPCA: A catastrophic oil spill of  
8 three million gallons of crude off the coast of Santa Barbara (creating a thirty-five-mile slick);  
9 and a fire on the surface of the Cuyahoga River in northeast Ohio. A 1968 Kent State  
10 University symposium on the state of the Cuyahoga River is worth briefly quoting:

11 The surface is covered with brown oily film observed upstream as  
12 far as the Southerly Plant effluent. In addition, large quantities of  
13 black heavy oil floating in slicks, sometimes several inches thick,  
14 are observed frequently. Debris and trash are commonly caught up  
15 in these slicks forming an unsightly floating mess. Anaerobic  
16 action is common as the dissolved oxygen is seldom above a  
fraction of a part per million. The discharge of cooling water  
increases the temperature by 10 to 15° F. The velocity is  
negligible, and sludge accumulates on the bottom. Animal life  
does not exist.

17 The Cuyahoga River Watershed: Proceedings of a Symposium Held at Kent State University  
18 104 (George D. Cooke, ed., 1969); Gross & Stelcen, *supra*, at 7; Christine Mai-Duc, The 1969  
19 Santa Barbara oil spill that changed oil and gas exploration forever, *L.A. Times*, May 20, 2015,  
20 [https://www.latimes.com/local/lanow/la-me-ln-santa-barbara-oil-spill-1969-20150520-  
21 htmlstory.html](https://www.latimes.com/local/lanow/la-me-ln-santa-barbara-oil-spill-1969-20150520-<br/>htmlstory.html).

22 Three years after these events, Congress passed the Clean Water Act. Section 101 of the  
23 act expressed Congress’ goal “to restore and maintain the chemical, physical, and biological  
24 integrity of the Nation’s waters.” 33 U.S.C. § 1251(a). The congressional declaration in  
25 Section 101(b) recited:

26 It is the policy of the Congress to recognize, preserve, and protect  
27 the primary responsibilities and rights of States to prevent, reduce,  
28 and eliminate pollution, to plan the development and use  
(including restoration, preservation, and enhancement) of land and  
water resources, and to consult with the Administrator in the

1 exercise of his authority under this chapter.

2 Section 101(d) charged EPA to administer the act while Section 101(e) explicitly enshrined  
3 public participation into the statutory scheme:

4 Public participation in the development, revision, and enforcement  
5 of any regulation, standard, effluent limitation, plan, or program  
6 shall be provided for, encouraged, and assisted by the  
Administrator and the States.

7 Under Section 401 of the Clean Water Act, a federal agency may not issue a permit or  
8 license to an applicant that seeks to conduct any activity that may result in any discharge into  
9 the navigable waters of the United States unless a state or authorized tribe where the discharge  
10 would originate issues a water quality certification or waives the requirement. EPA is  
11 responsible for the certification by non-authorized tribes or when a discharge would originate  
12 from lands under exclusive federal jurisdiction. Importantly, “No [federal] license or permit  
13 shall be granted if certification has been denied by the State, interstate agency, or the  
14 Administrator, as the case may be.” 33 U.S.C. § 1341; *see also* Overview of CWA Section  
15 401 Certification, [epa.gov/cwa-401/overview-cwa-section-401-certification](https://www.epa.gov/cwa-401/overview-cwa-section-401-certification) (last visited Oct.  
16 21, 2021). Several major federal licensing and permitting schemes are subject to Section 401,  
17 such as National Pollutant Discharge Elimination System (NPDES) permits under Section 402,  
18 permits for discharge of dredged or fill material into wetlands under Section 404, Federal  
19 Energy Regulatory Commission (FERC) licenses for hydropower facilities and natural gas  
20 pipelines, and Rivers and Harbors Act Section Nine and Section Ten permits.

21 While EPA has promulgated myriad rules to administer the Clean Water Act, iterations  
22 of the administrative rule implementing Section 401 had remained, until recently, singular.  
23 EPA originally promulgated 40 C.F.R. Part 121 to implement water quality certifications for  
24 Section 21(b) of the FWPCA as it existed in 1971 — a year before the Clean Water Act  
25 amendments to the FWPCA. *See* 36 Fed. Reg. 22,487 (Nov. 25, 1971), redesignated at 37 Fed.  
26 Reg. 21,441 (Oct. 11, 1972), further redesignated at 44 Fed. Reg. 32,899 (June 7, 1979). EPA  
27 would continue to use this rule for the Section 401 licensing scheme. In brief, 40 C.F.R. Part  
28 121 as promulgated set out: (i) the minimum procedural content of a certification to facilitate

1 EPA’s administrative processes; (ii) the procedures for determining the effects of a license  
 2 upon other, non-certifying states; (iii) the procedures the EPA Administrator employs to certify  
 3 an application for a project under exclusive federal jurisdiction; and (iv) the procedures for  
 4 EPA consultations on obtaining a license or permit. EPA employed this procedure for  
 5 certifications as-is for half a century.

6 \* \* \*

7 On April 10, 2019, President Trump issued Executive Order 13,868, entitled *Promoting*  
 8 *Energy Infrastructure and Economic Growth*. 84 Fed. Reg. 15,495 (Apr. 10, 2019). The order  
 9 stated: “The United States is blessed with plentiful energy resources, including abundant  
 10 supplies of coal, oil, and natural gas,” and, the “Federal Government must promote efficient  
 11 permitting processes and reduce regulatory uncertainties that currently make energy  
 12 infrastructure projects expensive and that discourage new investment.” To that end, Executive  
 13 Order 13,868 asserted that “[o]utdated Federal guidance and regulations regarding section 401  
 14 of the Clean Water Act . . . are causing confusion and uncertainty and are hindering the  
 15 development of energy infrastructure,” and instructed EPA to review and issue new guidance  
 16 regarding Section 401. *Id.* at 15,496.

17 Pursuant to the executive order, EPA revised its general Section 401 guidance in June  
 18 2019. Two months later, EPA published an economic analysis of existing Section 401  
 19 processes. That same month, in a publication dated August 22, 2019, EPA proposed an  
 20 updated Section 401 certification rule with extensive revisions. After a very active public  
 21 comment phase, EPA published the final rule in the Federal Register on July 13, 2020. The  
 22 rule went into effect September 11, 2020. *See* Economic Analysis for the Proposed Clean  
 23 Water Act Section 401 Rulemaking, NEPIS 810R19001A (Aug. 2019); Clean Water Act  
 24 Section 401 Guidance for Federal Agencies, States and Authorized Tribes,  
 25 [www.epa.gov/sites/default/files/2019-06/documents/cwa\\_section\\_401\\_guidance.pdf](http://www.epa.gov/sites/default/files/2019-06/documents/cwa_section_401_guidance.pdf) (June 7,  
 26 2019); 84 Fed. Reg. 44,080 (Aug. 22, 2019); 85 Fed. Reg. 42,210 (July 13, 2020).

27 The new certification rule makes a variety of substantive changes to EPA’s procedures  
 28 for implementing Section 401. To state just a few examples, the new rule: (i) narrows the

1 scope of certification to ensuring that a discharge from a point source into a water of the  
 2 United States from a federally licensed or permitted activity will comply with “water quality  
 3 requirements” — another defined term narrowed to mean applicable provisions of Sections  
 4 301, 302, 303, 306, and 307 of the Clean Water Act; (ii) authorizes EPA to establish the  
 5 reasonable amount of time for a certifying authority to certify a request; and (iii) authorizes  
 6 EPA to determine whether a certifying authority’s denial has complied with the rule’s  
 7 procedural requirements, and to deem certifications waived if not. *See* 40 C.F.R. pt. 121.

8 Plaintiff states, tribes, and non-profit conservation groups, many of which had  
 9 strenuously objected to these and other changes to the certification rule, began suing, many the  
 10 same day EPA published the final rule. Three cases eventually arrived before the undersigned  
 11 by August 2020. The new certification rule became effective in September, and by October,  
 12 eight states and three industry groups intervened as defendants. Then, in November,  
 13 administrative momentum for the revised certification rule stalled after the election of  
 14 President Biden, who declared his administration’s policy:

15 to listen to the science; to improve public health and protect our  
 16 environment; to ensure access to clean air and water; to limit  
 17 exposure to dangerous chemicals and pesticides; to hold polluters  
 18 accountable, including those who disproportionately harm  
 19 communities of color and low-income communities; to reduce  
 20 greenhouse gas emissions; to bolster resilience to the impacts of  
 climate change; to restore and expand our national treasures and  
 monuments; and to prioritize both environmental justice and the  
 creation of the well-paying union jobs necessary to deliver on these  
 goals.

21 *Protecting Public Health and the Environment and Restoring Science to Tackle the Climate*  
 22 *Crisis*, Exec. Order No. 13,990, 86 Fed. Reg. 7,037 (Jan. 20, 2021). The administration  
 23 specifically listed the certification rule as one agency action set to be reviewed, and EPA stated  
 24 its intent to promulgate a new certification rule in a notice published on June 6, 2021. The  
 25 earliest EPA will be able to promulgate a revised rule is Spring 2023 (Goodin Decl. ¶ 27). *See*  
 26 86 Fed. Reg. 29,541 (June 2, 2021); Fact Sheet: List of Agency Actions for Review,  
 27 [www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/fact-sheet-list-of-agency-](http://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/fact-sheet-list-of-agency-actions-for-review)  
 28 [actions-for-review](http://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/fact-sheet-list-of-agency-actions-for-review) (Jan. 20, 2021).

1 EPA now moves to remand for further proceedings without vacatur. Due to plaintiffs'  
2 oppositions that requested remand *with* vacatur, intervenor defendants filed a motion to strike,  
3 which necessitated extra briefing on that matter. After oral argument held telephonically due  
4 to the COVID-19 pandemic, intervenor defendants were invited to file further briefing on the  
5 vacatur issue, which they did.

## 6 ANALYSIS

### 7 1. THE APPLICABLE STANDARDS FOR REMAND AND VACATUR.

8 Ambiguities in statutes within an agency's jurisdiction to administer are, per *Chevron*  
9 and *Brand X*, delegations of authority to fill the statutory gap in a reasonable fashion. Under  
10 the Administrative Procedure Act (APA), a district court reviews a challenged federal agency  
11 action to determine whether it is arbitrary and capricious or otherwise not in accordance with  
12 law. Per the familiar taxonomy established by *SKF USA*, an agency typically takes one of five  
13 positions when its action is challenged in federal court: (i) it may defend the decision on  
14 previously articulated grounds; (ii) it may seek to defend the decision on grounds *not*  
15 previously articulated by the agency; (iii) it may seek remand to reconsider its decision because  
16 of intervening events outside the agency's control; (iv) it may seek remand even absent any  
17 intervening events, *without confessing error*, to reconsider its previous position; and (v) it may  
18 seek remand because it believes the original decision was incorrect on the merits and it wishes  
19 to change the result. *SKF USA Inc. v. United States*, 254 F.3d 1022, 1027–28 (Fed. Cir. 2001);  
20 *Nat'l Cable & Telecomm. Ass'n. v. Brand X Internet Servs.*, 545 U.S. 967, 980, 982 (2005);  
21 *Chevron, USA, Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 865–66 (1984); *Cal. Cmty.*  
22 *Against Toxics v. EPA (CCAT)*, 688 F.3d 989, 992 (9th Cir. 2012) (approving *SKF USA*  
23 taxonomy); 5 U.S.C. § 706(2).

24 An agency thus need not defend a challenged action in a district court and may instead  
25 voluntarily request the court to remand the action to the agency for further proceedings. Nor  
26 does an agency even need to admit error to justify voluntary remand. "Generally, courts only  
27 refuse voluntarily requested remand when the agency's request is frivolous or made in bad  
28 faith." *CCAT*, 688 F.3d at 992.

1           The deferential standard for reviewing an agency’s request for voluntary remand can  
2 raise difficult issues when vacatur comes into play. When a district court rules that an agency  
3 action is defective due to errors of fact, law, or policy, the APA explicitly instructs that the  
4 court “shall . . . hold unlawful and set aside” the agency action. “This approach enables a  
5 reviewing court to correct error but, critically, also avoids judicial encroachment on agency  
6 discretion.” 33 Charles A. Wright & Arthur R. Miller, *Federal Practice and Procedure* § 8381  
7 (3d ed. 2021); 5 U.S.C. § 706(2). Nevertheless, our court of appeals has held that, when equity  
8 demands, a flawed rule need not be vacated. *See CCAT*, 688 F.3d at 992. Oftentimes, an  
9 agency may voluntarily request remand prior to a court’s adjudication of the merits of the  
10 disputed action. The caselaw here is unsettled. Leaving an agency action in place while the  
11 agency reconsiders may deny the petitioners the opportunity to vindicate their claims in federal  
12 court and would leave them subject to a rule they have asserted is invalid. On the other hand,  
13 vacatur “of an action may allow an agency to abandon a legislative rule without going through  
14 the (extensive) trouble of developing a new one.” Wright & Miller, *supra*, at § 8383. Our  
15 court of appeals has issued the broad guidance — albeit in opinions where the agency action  
16 had been found erroneous — that remand without vacatur is appropriate only in limited  
17 circumstances. *CCAT*, 688 F.3d at 994; *Pollinator Stewardship Council v. EPA*, 806 F.3d 520,  
18 532 (9th Cir. 2015).

19           Contrasting policy implications have led to a split in authority regarding whether a court  
20 may order vacatur without first reaching a determination on the merits of the agency’s action.  
21 *Compare Ctr. for Native Ecosystems v. Salazar*, 795 F. Supp. 2d 1236, 1241–42 (D. Colo.  
22 2011) (Judge John L. Kane), *with Carpenters Indus. Council v. Salazar*, 734 F. Supp. 2d 126,  
23 135–36 (D.D.C. 2010) (Judge Emmet G. Sullivan). Our court of appeals has not had the  
24 opportunity to address this question directly, but its holding that even a flawed rule need not be  
25 vacated supports the corollary proposition that a flaw need not be conclusively established to  
26 vacate a rule. Other district courts in our circuit have consistently acknowledged they have the  
27 authority to vacate agency actions upon remand prior to a final determination of the action’s  
28 legality. *See, e.g., Pascua Yaqui Tribe v. EPA*, — F. Supp. 3d —, 2021 WL 3855977, at \*4

1 (D. Ariz. Aug. 30, 2021) (Judge Rosemary Márquez); *All. for Wild Rockies v. Marten*, 2018  
2 WL 2943251, at \*2–3 (D. Mont. June 12, 2018) (Judge Dana L. Christensen); *N. Coast Rivers*  
3 *All. v. Dep’t of the Interior*, 2016 WL 8673038, at \*6 (E.D. Cal. Dec. 16, 2016) (Judge  
4 Lawrence J. O’Neill).

5 This order agrees with the foregoing opinions from district judges within our circuit that,  
6 when an agency requests voluntary remand, a district court may vacate an agency’s action  
7 without first making a determination on the merits. Vacatur is a form of discretionary,  
8 equitable relief akin to an injunction. This order finds persuasive the reasoning in *Center for*  
9 *Native Ecosystems*, which explains that “because vacatur is an equitable remedy, and because  
10 the APA does not expressly preclude the exercise of equitable jurisdiction, the APA does not  
11 preclude the granting of vacatur without a decision on the merits.” 795 F. Supp. 2d at 1241–  
12 42; *see also Amoco Prod. Co. v. Vill. of Gambell*, 480 U.S. 531, 542–43 (1987); *Coal. to*  
13 *Protect Puget Sound Habitat v. United States Army Corps of Engineers*, 843 Fed. App’x 77, 80  
14 (9th Cir. 2021).

15 Our court of appeals has applied the familiar *Allied-Signal* test when considering vacatur  
16 of agency actions found to be erroneous, and this order finds the same factors applicable when  
17 considering voluntary remand prior to a conclusive decision on the merits. *Allied-Signal, Inc.*  
18 *v. U.S. Nuclear Reg. Comm’n*, 988 F.2d 146, 150–151 (D.C. Cir. 1993). Under *Allied-Signal*,  
19 the “decision whether to vacate depends on [1] the seriousness of the order’s deficiencies (and  
20 thus the extent of doubt whether the agency chose correctly) and [2] the disruptive  
21 consequences of an interim change that may itself be changed.” *Ibid.*; *see also CCAT*, 688  
22 F.3d at 992 (adopting *Allied-Signal*). *Allied-Signal* can properly guide a vacatur analysis prior  
23 to a merits determination similar to the review of a motion for a preliminary injunction. In  
24 fact, the test in *Allied-Signal* explicitly arose from a preliminary injunction analysis. *See Int’l*  
25 *Union, United Mine Workers of Am. v. Fed. Mine Safety & Health Admin.*, 920 F.2d 960, 967  
26 (D.C. Cir. 1990).

27 The first prong of *Allied-Signal* — sometimes abridged in decisions where the court had  
28 made a merits determination — considers an agency action’s deficiencies in order to evaluate



1 the “extent of doubt whether the agency chose correctly.” Conclusive findings of agency error  
2 are thus sufficient but not necessary for this factor to support vacatur. The first prong may be  
3 measured in different ways, including: the extent the agency action contravenes the purposes of  
4 the statute in question; whether the same rule could be adopted on remand; and whether the  
5 action was the result of reasoned decisionmaking. *Pollinator*, 806 F.3d at 532; *Or. Nat. Desert*  
6 *Ass’n v. Zinke*, 250 F. Supp. 3d 773, 774 (D. Or. 2017) (Judge Michael Mosman) (citing  
7 *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 314–15 (1982)); *Am. Petroleum Inst. v.*  
8 *Johnson*, 541 F. Supp. 2d 165, 185 (D.D.C. 2008). Because a district court’s review of an  
9 agency’s action begins and ends with the reasoning the agency relied on in making that  
10 decision, the final rule and its preamble provide valuable material with which to evaluate  
11 whether the agency employed reasoned decisionmaking. *See CCAT*, 688 F.3d at 993. As for  
12 the second prong of *Allied-Signal*, our court of appeals has engaged in a broad analysis of the  
13 potential consequences of vacatur. *See id.* at 994; *Pollinator*, 806 F.3d at 532–33.

14 **2. EPA AND INTERVENOR DEFENDANTS’ OBJECTIONS TO VACATUR**  
15 **AND ALLIED-SIGNAL.**

16 Both EPA and intervenor defendants assert that this order cannot and should not consider  
17 whether to vacate the certification rule. Their host of arguments fails to persuade.

18 *First*, intervenor defendants contend in a separate motion to strike that plaintiffs’  
19 arguments for vacatur in their opposition briefing contravenes Federal Rule of Civil Procedure  
20 7(b), Civil Local Rule 7-1(a), and the undersigned’s standing order (Dkt. No. 148 at 2). An  
21 August 2021 order ensured that the parties fully briefed this issue concurrently with EPA’s  
22 motion for voluntary remand (Dkt. No. 151). Upon review, this order finds that plaintiffs  
23 properly addressed the issue of vacatur. EPA has moved for remand *without vacatur*. Yet as  
24 our court of appeals has explicitly stated, “We order remand without vacatur only in ‘limited  
25 circumstances.’” *Pollinator*, 806 F.3d at 532 (quoting *CCAT*, 688 F.3d at 994). EPA, in fact,  
26 quoted *CCAT* in its opening brief, but neglected to address why the instant action is the  
27 exception meriting remand without vacatur or why the default standard of vacatur stated in  
28 *CCAT* should not apply here. EPA cannot avoid the default standard by strategically tailoring

1 its briefing and requested relief, and intervenor defendants made a strategic choice not to  
2 initially file any briefing on the subject. Intervenor defendants, regardless, were granted the  
3 opportunity to file supplemental briefing on the vacatur issue and *Allied-Signal* (Intervenors  
4 Br., Dkt. No. 172). So, they have had the last word. Plaintiffs will not be faulted for  
5 addressing the issues that this order must address to render a decision. *See also N. Coast*  
6 *Rivers All.*, 2016 WL 8673038, at \*7.

7 *Second*, EPA and intervenor defendants argue that *Allied-Signal* is not the proper  
8 standard here because there has been no ruling on the merits of the certification rule (Reply Br.  
9 6; Intervenors Br. 8–9). As explained, *Allied-Signal* does not require a merits decision (and, in  
10 fact, is based on the standard for a preliminary injunction). Neither EPA nor intervenor  
11 defendants, it should be noted, attempt to suggest a substitute for *Allied-Signal* for our  
12 purposes. Intervenor defendants attempt to distinguish *Pascua Yaqui Tribe* — a recent  
13 decision from our sister court that vacated upon remand another EPA rule related to the Clean  
14 Water Act — on the ground that the district court had before it the parties’ fully-briefed  
15 summary judgment motions (Intervenors Br. 9). But, the court’s opinion did not rule on the  
16 parties’ summary judgment motions, which were dismissed without prejudice in the docket  
17 entry for the remand order. *Pascua Yaqui Tribe*, No. C 20-00266, Dkt. No. 99, Aug. 30, 2021.  
18 *Pascua Yaqui Tribe*, in fact, stated that it was not reaching the merits of the agency action:  
19 “[I]n the Ninth Circuit, remand with vacatur may be appropriate even in the absence of a  
20 merits adjudication. Accordingly, the Court will apply the ordinary test for whether remand  
21 should include vacatur.” 2021 WL 3855977, at \*4.

22 *Third*, intervenor defendants state that plaintiffs “fail to provide any severability analysis,  
23 which would be mandatory if [p]laintiffs want this Court to vacate the entire Rule” (Intervenors  
24 Br. 11, emphasis added). The decision intervenor defendants cite to support this statement,  
25 *Carlson v. Postal Reg. Comm’n*, 938 F.3d 337, 351–52 (D.C. Cir. 2019), does not necessarily  
26 mandate a severability analysis, and this order is not aware of any mandatory authority that  
27 requires a severability analysis. Regardless, severance is not required here because, as  
28 explained below, this order finds serious deficiencies in an aspect of the certification rule that,

1 in EPA’s words, “is the foundation of the final rule and [] informs all other provisions of the  
2 final rule.” 85 Fed. Reg. at 42,256.

3 *Fourth*, in a footnote in its reply brief, EPA requests additional briefing regarding the  
4 scope of vacatur, citing *California v. Texas*, 141 S. Ct. 2104, 2115 (2021) (*see* Reply Br. 2 n.  
5 2). EPA does not elaborate how a decision regarding standing to challenge the minimum  
6 essential coverage requirement of the Affordable Care Act has any bearing on our case here.  
7 Citing general statements of law does not warrant additional briefing, nor did EPA raise this  
8 request at our hearing after the intervenor defendants were permitted to provide supplemental  
9 briefing on the *Allied-Signal* analysis. This order has considered the proper scope of vacatur.

10 In sum, should remand be justified, this order will duly apply *Allied-Signal* as described  
11 to determine whether vacatur is the appropriate remedy in this dispute.

12 **3. WHETHER REMAND OF THE CERTIFICATION RULE TO EPA IS**  
13 **WARRANTED.**

14 This order now considers whether to remand the certification rule back to EPA for further  
15 proceedings. EPA says remand is appropriate because the request: (i) is made in good faith  
16 and reflects substantial and legitimate concerns with the rule; (ii) supports judicial economy;  
17 and (iii) would not cause undue prejudice to the parties (Br. 6–7).

18 Remand in this circuit, as EPA reminds us, is generally only refused when the agency’s  
19 request is frivolous or made in bad faith. *See CCAT*, 688 F.3d at 992. The American Rivers  
20 plaintiffs argue EPA’s request is frivolous because “the *process* EPA has laid out to address  
21 [its] concerns does not demonstrate a genuine commitment to a changed rule that will address  
22 all of those concerns” (American Rivers Opp. 16). This order notes some support for  
23 American Rivers’ argument to deny EPA’s remand request as frivolous due to the fact that the  
24 agency wholly omitted addressing vacatur until forced to by plaintiffs’ opposition briefing, but  
25 will not deny remand on that basis alone. This order accordingly proceeds to consider the *SKF*  
26 *USA* taxonomy of positions an agency may take on a challenge to its action.

27 EPA asserts that its remand request here falls into the fourth category of actions under  
28 *SKF USA* — remand to reconsider a decision without confessing error (Br. 8). In this

1 situation, an agency “might argue, for example, that it wished to consider further the governing  
 2 statute, or the procedures that were followed. It might simply state that it had doubts about the  
 3 correctness of its decision.” For an action with this type of posture, *SKF USA* advised that a  
 4 district court has discretion not to remand, but “if the agency’s concern is substantial and  
 5 legitimate, a remand is usually appropriate.” *SKF USA*, 254 F.3d at 1029.

6 EPA, as explained below, has certainly expressed substantial concerns with the current  
 7 formulation of the certification rule (Br. 2–5). Plaintiffs have not presented evidence or  
 8 argument sufficient to justify departing from the default rule permitting remand. The  
 9 certification rule will be remanded to EPA for further proceedings.

10 **4. WHETHER VACATUR OF THE CERTIFICATION RULE UPON**  
 11 **REMAND IS WARRANTED.**

12 This order now considers whether the *Allied-Signal* test supports vacatur upon remand of  
 13 the certification rule. Each factor is considered in turn.

14 **A. THE CERTIFICATION RULE’S DEFICIENCIES.**

15 The first *Allied-Signal* factor considers the seriousness of the rule’s deficiencies, thus  
 16 evaluating the extent of doubt whether the agency correctly promulgated the rule. *See Allied-*  
 17 *Signal*, 988 F.2d at 150–51. At the hearing, plaintiff states asserted that the most glaring  
 18 deficiency in the current certification rule is a newly-inserted subsection defining the scope of  
 19 certification, which they say impinges upon the Clean Water Act’s principles of cooperative  
 20 federalism. *See* 40 C.F.R. § 121.3. We start our *Allied-Signal* analysis with these revisions.

21 In *PUD No. 1 of Jefferson County v. Washington Department of Ecology*, the Supreme  
 22 Court affirmed that Section 401(d) confers on states the power to “consider all state actions  
 23 related to water quality in imposing conditions on [S]ection 401 certificates.” 511 U.S. 700,  
 24 710 (1994). The majority recognized that Section 401(a) contemplates state certification that a  
 25 “discharge” will comply with certain provisions of the Clean Water Act while subsection (d)  
 26 “expands the State’s authority to impose conditions on the certification of a project” because it  
 27 “refers to the compliance of the applicant, not the discharge.” *Id.* at 711. *PUD No. 1*  
 28 concluded that Section 401(d) “is most reasonably read as authorizing additional conditions

1 and limitations on the activity as a whole once the threshold condition, the existence of a  
2 discharge, is satisfied.” *Id.* at 712.

3 The revised scope of certification that EPA promulgated takes an *antithetical* position to  
4 *PUD No. 1* without reasonably explaining the change. The rule’s scope of certification is  
5 “limited to assuring that a discharge from a Federally licensed or permitted activity will  
6 comply with water quality requirements,” which the rule limits to Sections 301, 302, 303, 306,  
7 and 307 of the Clean Water Act. 40 C.F.R. § 121.3. EPA may, of course, take up different  
8 interpretations of Section 401, but a revised rule with unexplained inconsistencies suggests it is  
9 an unreasonable interpretation that is not entitled to deference under *Chevron*. *See Encino*  
10 *Motorcars, LLC v. Navarro*, 136 S. Ct. 2117, 2126 (2016); *Gomez-Sanchez v. Sessions*, 892  
11 F.3d 985, 995 (9th Cir. 2018). EPA does not adequately explain in the preamble how it could  
12 so radically depart from what the Supreme Court dubbed the most reasonable interpretation of  
13 the statute. *PUD No. 1*, 511 U.S. at 712. The certification rule’s preamble tries to address the  
14 sharp departure from *PUD No. 1* but falls back to claiming that the case was wrongly decided,  
15 and eventually sides with Justice Thomas’ dissenting opinion. *See* 85 Fed. Reg. at 42,231.  
16 EPA now undermines that argument itself by declaring its intent to “*restore the balance* of  
17 state, Tribal, and federal authorities consistent with the cooperative federalism principles  
18 central to CWA section 401” (Goodin Decl. ¶ 11, emphasis added). The agency’s recognition  
19 of its inconsistent interpretation of the scope of the certification compels the conclusion that  
20 the current rule is unreasonable. Accordingly, this order harbors significant doubts that EPA  
21 correctly promulgated the certification rule due to the apparent arbitrary and capricious  
22 changes to the rule’s scope. *See City of Arlington v. FCC*, 569 U.S. 290, 307 (2013); *PUD No.*  
23 *I*, 511 U.S. at 723 (Stevens, J., concurring) (“Not a single sentence, phrase, or word in the  
24 Clean Water Act purports to place any constraint on a State’s power to regulate the quality of  
25 its own waters more stringently than federal law might require.”).

26 Moreover, EPA’s acknowledgment it intends to “restore” the principles of cooperative  
27 federalism indicates that the current scope of the certification rule is inconsistent with and  
28 contravenes the design and structure of the Clean Water Act, and thus does not warrant

1 deference. As noted in the Clean Water Act’s congressional declaration of goals and policy:  
 2 “It is the policy of the Congress to recognize, preserve, and protect the primary responsibilities  
 3 and rights of States to prevent, reduce, and eliminate pollution, [and] to plan the development  
 4 and use . . . of land and water resources.” 33 U.S.C. § 1251(b); *Util. Air Reg. Grp. v. EPA*, 573  
 5 U.S. 302, 321 (2014). The rule’s inconsistency with the purpose of the statute it interprets also  
 6 supports vacatur.

7 Next, while EPA does not admit fault, it does signal it will not or could not adopt the  
 8 same rule upon remand. The scope of certification is not the only problematic aspect of the  
 9 rule. EPA’s opening brief lists eleven aspects of the certification rule about which it has  
 10 “substantial concerns.” That list takes up two-and-a-half pages of its twelve-page brief, and  
 11 includes:

- 12 • “the certification action process steps, including whether there is any  
 13 utility in requiring specific components and information for  
 14 certifications with conditions and denials; whether it is appropriate for  
 federal agencies to review certifying authority actions for consistency  
 with procedural requirements or any other purpose”
- 15 • “enforcement of CWA Section 401, including the roles of federal  
 16 agencies and certifying authorities in enforcing certification  
 conditions”
- 17 • “modifications and ‘reopeners,’ including whether the statutory  
 18 language in CWA Section 401 supports modification of certifications  
 or ‘reopeners,’”
- 19 • “application of the Certification Rule, including impacts of the Rule  
 20 on processing certification requests, impacts of the Rule on  
 21 certification decisions, and whether any major projects are anticipated  
 in the next few years that could benefit from or be encumbered by the  
 Certification Rule’s procedural requirements”

22 (Br. 3–5). These are not narrow issues. They address nearly every substantive change  
 23 introduced in the current rule. Even without admitting error, the scope of potential revisions  
 24 EPA is considering supports vacatur of the current rule because the agency has demonstrated  
 25 that it will not or could not adopt the same rule upon remand.

26 In sum, in light of the lack of reasoned decisionmaking and apparent errors in the rule’s  
 27 scope of certification, the indications that the rule contravenes the structure and purpose of the  
 28 Clean Water Act, and that EPA itself has signaled it could not or will not adopt the same rule

1 upon remand, significant doubt exists that EPA correctly promulgated the rule. The first  
2 *Allied-Signal* factor supports vacatur of the certification rule.

3 **B. THE DISRUPTIVE CONSEQUENCES OF VACATUR.**

4 The second *Allied-Signal* factor considers the disruptive consequences of vacatur.  
5 Intervenor defendants argue that “[r]einstating the prior rule would result in substantial  
6 disruption from general whipsawing of both regulators and regulated entities” and raise several  
7 hypothetical procedural issues (Intervenors Br. 16, 18). The rule has only been in effect for  
8 thirteen months. This is insufficient time for institutional reliance to build up around the  
9 current rule, which has been under attack since before day one. This order finds vacatur will  
10 not intrude on any justifiable reliance.

11 Moreover, the whipsawing intervenor defendants would ascribe to vacatur clearly arose  
12 from EPA’s promulgation of a revised certification rule that dramatically broke with fifty years  
13 of precedent, and subsequent complete course reversal by the agency less than nine months  
14 later. EPA asserted in a June 2021 notice that it will not reinstate wholesale the previous  
15 certification rule from 1971 (Goodin Decl. ¶ 13). However, EPA’s statements here that it will  
16 “restore” the principles of cooperative federalism and that it plans to address nearly every  
17 substantive change the current certification rule introduced suggest vacatur will prove less  
18 disruptive than leaving the current rule in place until Spring 2023.

19 Our court of appeals has measured the disruptive consequences of vacating an EPA rule  
20 by measuring the extent to which a faulty rule could result in possible environmental harm. To  
21 that end, our court of appeals has chosen not to vacate an EPA rule when setting aside listing  
22 of a snail species as endangered would have risked potential extinction of that species, and  
23 when vacating could have, in part, led to air pollution that would undermine the goals of the  
24 Clean Air Act. On the other hand, our court of appeals did vacate an EPA action that could  
25 have affected sensitive bee populations. *See Pollinator*, 806 F.3d at 532–33 (bees); *CCAT*, 688  
26 F.3d at 994 (air); *Idaho Farm Bureau Fed’n v. Babbitt*, 58 F.3d 1392, 1405–06 (9th Cir. 1995)  
27 (snails).  
28

1 Plaintiffs have established that significant environmental harms will likely transpire  
2 should remand occur without vacatur. This order finds particularly persuasive the State of  
3 Washington’s example concerning three hydropower dams on the Skagit River. These dams  
4 will each require Section 401 certifications prior to EPA’s promulgation of a replacement for  
5 the current certification rule. As noted in the State of Washington’s brief, “because FERC  
6 licenses for dams will last between 30–50 years, the lack of adequate water quality conditions  
7 attached to these licenses will have adverse impacts for a *generation*” (States Opp. 7). As  
8 Loree’ Randall, Washington’s Section 401 Policy Lead, explains, the new certification rule  
9 curtails restrictions certifying authorities can impose on dams to limit increases in water  
10 temperature. The threatened Chinook salmon that reside in the Skagit River are vulnerable to  
11 these changes in water temperature, which puts at risk a primary food source for the  
12 endangered Southern Resident Orca population in Puget Sound, of which there are currently  
13 only seventy-three, the lowest number in over four decades (Randall Decl. ¶¶ 7, 10–11).

14 Intervenor defendants argue that overreach by certifying authorities under the old rule led  
15 to negative economic effects, pointing to several energy projects that failed or had additional  
16 restrictions placed upon them (Intervenors Br. 4). This order duly considers the economic  
17 effects of vacatur — and temporary reinstatement of the previous rule — but notes that our  
18 court of appeals has focused more on environmental consequences when considering whether  
19 to vacate EPA rules, and the Clean Water Act has the express goal “to restore and maintain the  
20 chemical, physical, and biological integrity of the Nation’s waters.” 33 U.S.C. § 1251(a).  
21 Progress towards this goal carries inherent economic effects. This order finds the disruptive  
22 environmental effects should remand occur without vacatur described by plaintiffs outweighs  
23 the disruptive economic consequences of vacatur described by intervenor defendants. The  
24 economic harms intervenor defendants proffer also do not outweigh the significant doubts that  
25 EPA correctly promulgated the current certification rule. *See Pollinator*, 806 F.3d at 532;  
26 *CCAT*, 688 F.3d at 994; *Zinke*, 250 F. Supp. 3d at 775; *Klamath-Siskiyou Wildlands Ctr. v.*  
27 *Nat’l Oceanic and Atmospheric Admin.*, 109 F. Supp. 3d 1238, 1242–43 (N.D. Cal. 2015)  
28 (Judge Nathanael M. Cousins). This order finds the second *Allied-Signal* factor supports



1 vacatur because the disruptions caused by vacatur and the imposition of an interim rule do not  
2 outweigh the deficiencies of the current rule.

3 Finally, EPA and intervenor defendants have cited several cases that also reviewed the  
4 certification rule (Reply Br. 2). This order considers the analysis in each of these opinions, to  
5 the extent they seriously and substantively examined remand and vacatur, but ultimately finds  
6 *Pascua Yaqui Tribe*, an opinion on another EPA rule with the most thorough analysis, to be the  
7 most persuasive. 2021 WL 3855977. In that opinion, Judge Rosemary Márquez of our circuit  
8 vacated EPA’s rule that narrowed the definition of “waters of the United States” upon remand  
9 to the agency. In two of the decisions EPA cited here, Judge Richard Seeborg of our district  
10 filed short orders remanding to EPA challenges to the rule at issue in *Pascua Yaqui Tribe*,  
11 finding the issue of vacatur moot (Dkt. No. 161). *See California v. Regan*, No. C 20-03005  
12 RS, Dkt. No. 271 (N.D. Cal. Sept. 16, 2021); *WaterKeeper All., Inc. v. EPA*, No. C 18-03521  
13 RS, Dkt. No. 125 (N.D. Cal. Sept. 16, 2021). In dicta, both brief orders stated the court would  
14 have been disinclined to impose vacatur. Both orders, however, based that conclusion on a  
15 previous order that denied a motion for a preliminary injunction on the ground that plaintiffs  
16 were unlikely to succeed on the merits proving the rule was legally erroneous. *See California*  
17 *v. Regan*, No. C 20-03005 RS, Dkt. No. 171 (N.D. Cal. June 19, 2020). These orders,  
18 accordingly, premised their disinclination to impose vacatur on an issue evaluated by the first  
19 *Allied-Signal* prong, which here supports vacatur.

20 In sum, the *Allied-Signal* factors support vacatur of the certification rule upon remand to  
21 EPA, which will result in a temporary return to the rule previously in force until Spring 2023,  
22 when EPA finalizes a new certification rule. *See Paulsen v. Daniels*, 413 F.3d 999, 1008 (9th  
23 Cir. 2005).

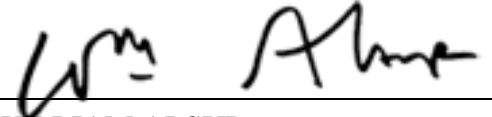
## 24 CONCLUSION

25 As explained, the motion for remand is **GRANTED**. Upon remand the current certification  
26 rule, 40 C.F.R. Part 121, is **VACATED**.

1           Intervenor defendants' motion to strike (Dkt. No. 148) is **DENIED**. Being unnecessary for  
2 the resolution of this motion, EPA's request for judicial notice (Dkt. No. 157) is **DENIED AS**  
3 **MOOT**.

4           **IT IS SO ORDERED.**

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6 Dated: October 21, 2021.

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WILLIAM ALSUP  
UNITED STATES DISTRICT JUDGE

United States District Court  
Northern District of California