V REGULATORY FLEXIBILITY ANALYSIS

V(A) INTRODUCTION

The Agency has assessed the impacts of the CAM Rule on small businesses, governments, and organizations. This assessment indicates that it is likely that the draft CAM Rule will not have a significant impact on a substantial number of small entities (SISNOSE). This conclusion is not unexpected since part 64 only affects “major sources” of air pollution. Within most industrial categories, there is a direct relationship among the size of a facility, the number of employees, and the magnitude of emissions. These associations are used in the analysis of the potential small business impacts of CAM, as well as government- and organization-owned facilities that tend to emit relatively small amounts of air pollution. Most of these facilities are hospitals, schools or other facilities that primarily emit air pollution from boilers used for heat and/or steam. Sources of this type which serve smaller populations would tend not to emit enough pollution to qualify as major sources and would not be subject to CAM requirements. For example, analysis of the database created for the CAM economic analysis confirms this fact in that major State academic institutions are represented whereas small institutions, such as junior colleges are not. Municipal power plants appear to be an exception to this trend, where even relatively small power plants can be classified as major sources of air pollution. The CAM Rule contains an exemption to help mitigate the impact on these sources. These effects will be more fully discussed in the presentation below. Due to data constraints which affect the methodological approach, separate sections address small business impacts and small governments/organizations.

V(B) IMPACTS ON SMALL BUSINESSES

This section describes the data, methods and results of an assessment of the potential small business impacts of the CAM rule. In accord with draft guidance concerning small entity impacts (EPA, 1997), this assessment identifies the number of small businesses expected to be affected by the CAM rule and the extent of economic impacts, evaluated as a percentage of average annual revenues for small firms. Specifically, this assessment looks at small businesses with impacts exceeding 1 or 3 percent of average annual revenues.

For this assessment, the Agency defines a small business as a firm with fewer than 500 employees as provided by SBA regulations. Actual SBA definitions for small businesses establishments differ by SIC code. Because CAM affects industries in a large number of SIC codes, EPA has chosen to use the general small business definition for manufacturing (fewer than 500 employees) to conduct this analysis. The Agency identified the set of affected firms from an analysis performed by its contractor, Perrin Quarles Associates (PQA). These data represent CAM requirements as presented in the 1997 part 64 Draft rule. Specifically, the data include pollutant points with add-on control devices that have the potential to emit prior to control an amount, in tons per year, that is greater than or equal to 100 percent of the amount required for the pollutant point to be major. The definition of "major" is taken from part 70. The following sections describe methodological and other data requirements. Table V-1 summarizes the data used in this analysis.

V(B)(1) DEFINITIONS

The U.S. Bureau of the Census defines an establishment as "a single physical location at which business is conducted or where services or industrial operations are performed" (U.S. Department of Commerce, 1988). An establishment is not necessarily the same as the "firm" which owns or controls the establishment; a firm may have many establishments. This analysis uses establishment level data to identify entities affected by CAM. This analysis uses the terms "establishment," "source," and "facility" interchangeably to describe a specific site that may experience an increase in costs because of the CAM rule.

The evaluation of whether or not a business is small is based on data at the "firm" level, obtained from the Small Business Administration (SBA, 1995). This analysis examines the two impact criteria cited above in terms of firm level impacts. That is, it is the impact of the regulation on the economic entity that is of interest, not a single location or site. Therefore, to provide consistency in the analysis, the Agency adjusted the establishment specific information concerning affected sources to create expected firm level values.

V(B)(2) PROBABILITY OF BEING SMALL

EPA calculated the probability that a business is small as the ratio of the number of firms with less than 500 employees to the total number of firms. These data are available, by 2-digit SIC codes, from the SBA (1995). Two SIC groups, 82 and 83, which did not have counts reported by the SBA, were assigned probabilities of 100 percent to avoid excluding potentially important groups due to a lack of data. Column eight of Table V-1 contains the probabilities by SIC code.

TABLE V-1
SUPPORTING DATA FOR SMALL BUSINESS ASSESSMENT
(Less than 500 Employees)

	Sample State Data						National Data		
	Facilities		Pollutant Points Per Facility (2)		CAM Cost per Firm				Expected Receipts
SIC CODE	Total (1)	Affected (2)	Line 5	Line 8	(3) (4)	Pr(CAM)	Pr(Small)	Affected Small Firms (5)	Small Firm (4) (6)
1	NA	2	3.0	3.0	$6.3	NA	NA	NA	NA
2	NA	3	1.0	1.0	$2.1	NA	NA	NA	NA
10	119	3	2.0	2.0	$4.6	2.5%	65.3%	16.7	$2,369.4
12	98	5	1.6	1.6	$3.6	5.1%	77.0%	124.3	$3,333.3
13	1,157	11	2.7	2.7	$6.0	1.0%	87.8%	163.0	$1,920.9
14	536	15	2.1	2.1	$5.1	2.8%	75.3%	102.2	$1,732.9
15	24,075	0	ND	ND	$0.0	0.0%	99.5%	0.0	$1,106.7
16	4,095	15	1.1	1.1	$2.3	0.4%	97.1%	112.5	$2,191.5
17	55,364	0	ND	ND	$0.0	0.0%	99.3%	0.0	$578.5
20	2,463	65	7.8	7.7	$17.4	2.6%	74.5%	400.9	$6,064.4
21	23	1	2.0	2.0	$4.5	4.3%	51.0%	4.0	$6,461.8
22	378	1	4.0	4.0	$8.8	0.3%	77.9%	13.1	$3,669.0

SIC CODE	Sample State Data: Facilities Total (1)	Facilities Affected (2)	Pollutant Points Per Facility (2) Line 5	Line 8	CAM Cost per Firm (3) (4)	Pr(CAM)	National Data: Pr(Small)	Affected Small Firms (5)	Expected Receipts Small Firm (4) (6)
23	2,106	0	ND	ND	$0.0	0.0%	92.5%	0.0	$1,717.4
24	3,949	29	2.0	2.0	$4.4	0.7%	95.1%	242.9	$1,258.4
25	1,652	27	1.4	1.4	$2.9	1.6%	92.1%	171.5	$1,706.2
26	770	45	3.4	3.4	$7.8	5.8%	64.4%	232.9	$5,832.7
27	8,768	30	4.2	4.2	$9.0	0.3%	93.0%	201.7	$1,175.6
28	1,347	57	6.4	6.4	$15.0	4.2%	64.6%	338.6	$5,369.3
29	179	69	1.8	1.8	$5.0	38.5%	56.1%	442.5	$10,210.6
30	2,195	22	2.7	2.7	$6.0	1.0%	82.6%	124.0	$3,435.7
31	221	0	ND	ND	$0.0	0.0%	88.2%	0.0	$2,473.0
32	2,233	52	7.2	7.2	$17.5	2.3%	82.4%	276.4	$2,299.4
33	903	88	6.2	6.2	$13.9	9.7%	75.5%	508.1	$5,050.9
34	4,885	44	1.9	1.9	$4.1	0.9%	90.8%	290.2	$2,466.4
35	7,116	22	2.7	2.7	$5.8	0.3%	93.0%	153.8	$1,747.3
36	2,202	17	3.0	3.0	$6.5	0.8%	81.3%	109.4	$3,075.7
37	1,997	30	2.8	2.8	$6.1	1.5%	81.7%	134.3	$2,815.0
38	1,570	3	1.3	1.3	$2.9	0.2%	83.8%	16.8	$2,796.7
39	2,167	10	3.5	3.5	$7.4	0.5%	96.5%	77.3	$1,406.6
41	2,210	0	ND	ND	$0.0	0.0%	93.1%	0.0	$0.0
42	13,977	4	1.3	1.2	$2.7	0.0%	90.8%	26.9	$820.1
43	NA	0	ND	ND	$0.0	NA	NA	NA	NA
44	1,446	2	12.0	11.9	$26.6	0.1%	90.9%	9.2	$1,612.6
45	1,667	1	6.0	6.0	$14.6	0.1%	49.9%	2.9	$0.0
46	48	1	1.0	1.0	$4.4	2.1%	15.7%	1.2	$0.0
47	7,245	0	ND	ND	$0.0	0.0%	91.1%	0.0	$483.6
48	5,051	0	ND	ND	$0.0	0.0%	40.6%	0.0	$0.0
49	2,227	40	2.1	2.1	$5.1	1.8%	56.4%	179.0	$12,720.0
50	42,649	1	1.0	1.0	$2.4	0.0%	87.6%	5.6	$3,110.9
51	22,975	32	2.7	2.6	$6.1	0.1%	85.3%	189.5	$5,403.8
52	9,280	0	ND	ND	$0.0	0.0%	88.4%	0.0	$1,144.6
53	4,174	0	ND	ND	$0.0	0.0%	36.7%	0.0	$823.3
54	19,608	0	ND	ND	$0.0	0.0%	76.9%	0.0	$1,042.0
55	26,328	0	ND	ND	$0.0	0.0%	84.2%	0.0	$2,813.3
56	18,887	0	ND	ND	$0.0	0.0%	56.7%	0.0	$562.0
57	15,882	0	ND	ND	$0.0	0.0%	83.6%	0.0	$842.5
60	12,840	0	ND	ND	$0.0	0.0%	47.9%	0.0	$0.0
61	5,134	0	ND	ND	$0.0	0.0%	53.5%	0.0	$0.0
63	5,798	0	ND	ND	$0.0	0.0%	40.9%	0.0	$0.0
64	17,467	0	ND	ND	$0.0	0.0%	95.3%	0.0	$0.0
65	34,773	0	ND	ND	$0.0	0.0%	97.5%	0.0	$0.0
67	3,254	0	ND	ND	$0.0	0.0%	90.8%	0.0	$0.0
70	7,633	0	ND	ND	$0.0	0.0%	87.8%	0.0	$732.5
71	NA	0	ND	ND	$0.0	NA	NA	NA	NA
72	27,982	1	1.0	1.0	$2.3	0.0%	93.6%	6.1	$202.7
73	45,221	1	1.0	1.0	$2.2	0.0%	90.5%	6.1	$585.2
75	22,228	1	1.0	1.0	$2.2	0.0%	91.9%	6.5	$353.8
76	10,489	0	ND	ND	$0.0	0.0%	95.2%	0.0	$354.7
78	4,584	0	ND	ND	$0.0	0.0%	87.0%	0.0	$594.8
79	12,000	0	ND	ND	$0.0	0.0%	96.5%	0.0	$579.5

SIC CODE	Sample State Data: Facilities Total (1)	Facilities Affected (2)	Pollutant Points Per Facility (2) Line 5	Line 8	CAM Cost per Firm (3) (4)	Pr(CAM)	National Data: Pr(Small)	Affected Small Firms (5)	Expected Receipts Small Firm (4) (6)
80	63,380	17	2.6	2.6	$5.6	0.0%	95.4%	111.1	$638.1
81	21,532	0	ND	ND	$0.0	0.0%	99.4%	0.0	$556.0
82	5,076	13	1.9	1.9	$4.0	0.3%	100.0%	130.0	$500.0
83	17,906	1	3.0	3.0	$6.3	0.0%	100.0%	10.0	$500.0
84	483	0	ND	ND	$0.0	0.0%	99.0%	0.0	$792.4
86	29,145	0	ND	ND	$0.0	0.0%	99.3%	0.0	$311.3
87	34,650	1	2.0	2.0	$4.3	0.0%	95.8%	5.9	$596.5
89	1,906	1	4.0	4.0	$8.5	0.1%	98.7%	10.2	$405.9
92	NA	4	2.5	2.5	$5.2	NA	NA	NA	NA
95	NA	0	ND	ND	$0.0	NA	NA	NA	NA
96	NA	0	ND	ND	$0.0	NA	NA	NA	NA
97	NA	6	2.2	2.2	$4.5	NA	NA	NA	NA
99	NA	0	ND	ND	$0.0	NA	NA	NA	NA

Sources:
1. U.S. Department of Commerce (1994)
2. Perrin Quarles Associates (1996)
3. See Chapter IV
4. In thousands of $1992
5. Small Business Administration (1995) and probability estimates
6. Small Business Administration (1995)

Abbreviations:
1. NA -- Not Available
2. ND -- Not Defined

V(B)(3) PROBABILITY OF BEING AFFECTED

The EPA calculated the probability that CAM would affect a facility from the percentage of affected facilities identified in its analytical sample. The facility counts are computed from Line 5 of that database and may include some facilities not subject to Federal regulation. Therefore, the numerator may overstate the count of affected facilities. The counts of affected facilities are reported by 2-digit SIC codes in column three of Table V-1.

The EPA used Department of Commerce (1990) data to identify establishments by 2-digit SIC code in the sample States. These data appear in column two of Table V-1. The EPA assumes that an “establishment” in the Commerce data corresponds to a “facility” in the data set. The Agency summed establishment counts in the sample to determine the total establishment count for the denominator of the probability. The probability a facility in the sample is small (the ratio of columns three and two), appears in column seven of Table V-1.

V(B)(4) JOINT PROBABILITY OF BEING SMALL AND AFFECTED

The joint probability of being small and affected is defined as the product of the individual probabilities that a firm is small and that a firm will be affected by part 64. For analytical simplicity, the Agency assumed the data were uncorrelated. This assumption provides an upper

bound to the analysis (i.e., over predicts the true joint probability) if, in fact, there is a positive correlation between economic size and CAM applicability.

V(B)(5) COUNT OF SMALL AND AFFECTED FIRMS

The national count of small and affected establishments is calculated as the product of the probability that an establishment is affected by CAM and the nationwide count of establishments at small firms. This product is divided by the number of establishments per firm in the relevant 2-digit SIC group to determine the estimated number of small and affected firms in the SIC group. This calculation is presented in column nine of Table V-1.

V(B)(6) AVERAGE RECEIPTS PER SMALL FIRM

Table A.8 of SBA (1995) reports estimated receipts and number of firms by 2-digit SIC code and by size of firm (Number of Employees). These data are used to compute average receipts per small firm for 2-digit SIC groups. The estimated receipts are in 1992 dollars and are shown in the last column of Table V-1. The 500 employee cutoff identifies the set of small firms. These data allow for variation in average receipts across SIC groups, but they do not identify variation in receipts within SIC groups. Therefore, the Agency treats all small and affected firms within a given SIC group as if they were the average firm for that group.

Although most 2-digit SIC groups have receipt information reported in Table A.8, there are missing data, most notably, SIC 49 (Utilities, Water, Sewerage, etc.). To correct for this, EPA used U.S. Department of Agriculture (1994) data to identify average operating revenues for small electric utilities. In 1994, the 808 reporting borrowers under the Rural Electric Distribution program reported total operating revenues of $15 billion, or $18 million per plant. A review of the database indicates 60.5 percent of all private facilities in SIC group 49 are utilities. Assuming zero revenues for all establishments in SIC 49 other than utilities, the Agency estimated the expected revenues per small facility in SIC 49 to be $13 million (adjusted for small firm receipts).

The Agency excluded nine SIC group entries in the last column of Table V-1 which did not have data from either the U.S. Department of Commerce (1994) or the SBA (1995). However, the Agency does not believe their exclusion will significantly affect this analysis, since the nine SIC groups contain few firms.

The last column of V-1 contains a zero entry for ten SIC groups in the analysis. The Agency does not expect any affected firms in eight of these groups, and only about four affected firms in the other two groups. Two other groups, 82 and 83, do not have data reported in SBA (1995). EPA assumed these two groups would be made exclusively of small establishments. Finally, this analysis assumes one firm for each establishment in SIC groups 82 and 83. From these assumptions the Agency estimated average receipts per small firm in SIC's 82 and 83 at $500 thousand.

V(B)(7) INCREMENTAL COST OF CAM PER POLLUTANT POINT

Chapter IV of this RIA provides incremental annualized costs for CAM. Costs for §64.5(a) "Large" pollutant points are divided by the number of pollutant points to obtain the average cost per "Large" pollutant point. The same calculation is made for the §64.5(b) "Other" pollutant points. From these average costs, the Agency computed a single weighted average cost of $2,118 per pollutant point across all affected SIC groups and pollutants. The Agency used the GDP implicit price deflator for producer's equipment (Survey of Current Business, 1996) to convert these values to 1992 dollars to match firm receipt data. The 1992 adjusted average cost per pollutant point was $2,100.

V(B)(8) NUMBER OF POLLUTANT POINTS PER AFFECTED FACILITY

The Agency computed incremental facility level costs from the number of pollutant points expected to be affected at the facility. This number varies by the SIC group of the facility. The sample database identifies the number of pollutant points and the number of facilities affected by CAM by 2-digit SIC code. These data are used to compute the average number of pollutant points per affected facility by SIC code without differentiating between large and small facilities. The calculated values are used to represent the number of pollutant points per small establishment.

The calculation of pollutant points per facility appears at Line 8 of the survey database. At Line 8, pollutant points have been excluded if not subject to Federal requirements (and therefore not affected by CAM). Although individual pollutant points may fall out of the analysis because they are not subject to Federal requirements, it is less clear that an entire facility will be excluded. Consequently, the Agency assumes the set of facilities identified at Line 5 of the sample database will all be affected by CAM and the ratio of pollutant points per facility is based on Line 8 data for pollutant points and Line 5 data for facilities. This ratio is reported in column five of Table V-1. Because part 64 affects controlled points at major sources, most affected points at Line 5 of the database are subject to federal regulation. As a result, there is only a small difference between the Line 5 and Line 8 columns for the number of pollutant points per facility.

V(B)(9) INCREMENTAL COST OF CAM PER AFFECTED SMALL FIRM

The product of the two previous data elements yields an estimate of the incremental annual CAM costs at affected small facilities, estimated at the 2-digit SIC group level. The Agency converted facility estimates to estimates of firm level costs by multiplying by the number of establishments per firm in the SIC group, shown in column six of Table V-1.

V(B)(10) RELATIVE IMPACT OF CAM

The EPA first evaluated whether any small firm impacted by the CAM rule was expected to experience an increase in costs that exceeded three percent of annual revenues. Given the data

and assumptions developed for this assessment, the Agency identified no SIC groups (with complete data) that will experience cost increases above this level. This conclusion is based on the analysis assumption that all firms within an SIC group are similar to the average firm within the group.

The EPA also evaluated whether CAM costs would exceed one percent of annual receipts for affected firms, displayed in Figures V-1, 2, 3, and 4 which show the levels of receipts and CAM costs for each 2-digit SIC group. The scale for the two quantities has been chosen so that the CAM costs are (1/100) of the receipts. Thus, when CAM costs are exactly one percent of receipts, the heights of the bars for the two measures will be equal. If the bar for CAM costs exceeds the bar for receipts in a given SIC group, the Agency expects that SIC code will have costs which exceed the one percent level. The charts show the one percent level is exceeded in three 2-digit SIC groups where complete data are available: 44, 72 and 89.[22] The Agency could not evaluate 21 two digit SIC groups which lacked annual firm receipt data. As noted earlier, the Agency excluded the nine SIC group with an "NA" entry for firm receipts, and assumed all 10 firms in SIC groups with a "0" will exceed the one percent level.[23] Only two groups, SIC 45 and 46, are estimated to have small affected firms. In addition, two groups, 82 (Educational Services) and 83 (Social Services), could only be evaluated after several data-filling assumptions were made. SIC 83 exceeds the one percent level with the stated assumptions and is included in the set of SIC's that exceed the one percent level. In total, the Agency estimates six SIC groups (containing about 40 firms) will have some affected small firms that exceed the one percent level. The Agency did not identify any SIC groups which had complete data as having an impact which exceeds 3 percent of annual revenues.

V(B)(11) SCOPE OF IMPACT GREATER THAN 1 PERCENT

In the last step of the assessment, EPA examined the percentage of affected small firms that are expected to experience an impact greater than one percent, computed as the ratio of the number of firms in 2-digit SIC groups that exceed the one percent level and the total number of affected small firms. Excluding groups with "NA" entries under the expected receipts column, the Agency estimated 4,957 small and affected firms nationwide will be affected by CAM, with about 40 affected small firms in the six SIC groups having a potential impact over the one percent level. In other words, the Agency believes less than one percent of all affected small firms will have a cost of compliance greater than one percent (but less than a 3 percent) of its sales receipts. This is a conservative estimate for several reasons. First, the EPA has assumed no correlation between the size of a facility in economic terms and its potential to emit pollutants. If a positive correlation exists, the estimated count of small affected firms will be overstated in this assessment. Second, no distinction has been made for the number of pollutant points per facility by economic size of the facility. Again, if there is a positive association between economic size and the number of pollutant points, the estimated number of pollutant points per small facility will be overstated in

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22 These SIC groups, Water Transport, Personal Services, and Miscellaneous Services, respectively, have total expected population of affected small entities of about 26.

23 This applies to ten groups: 41, 45, 46, 48, 60, 61, 63, 64, 65, and 67, which fall under the Utilities and Fire, Insurance, and Real Estate Divisions of the SIC classifications.

this assessment. This will lead to an upward bias in the estimates of cost per small firm. Third, SIC group 83 contributes about one quarter of the affected small firms to the set of sensitive firms and the results for this group are based on assumptions that may overstate or understate actual circumstances. Given the conservativeness of this assessment, the EPA concludes that CAM will not have a significant economic impact on a substantial number of small businesses.

FIGURE V-1
CAM Costs in Agriculture, Mining and Construction

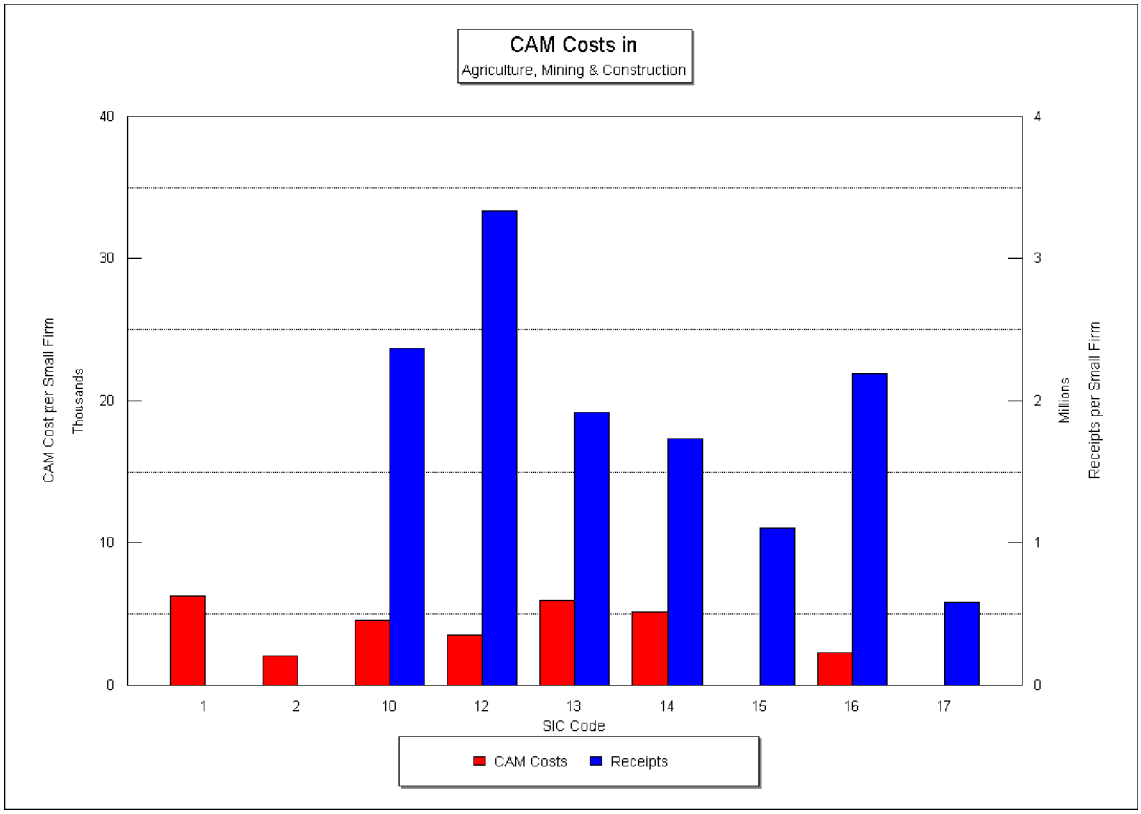


FIGURE V-2
CAM Costs in Manufacturing

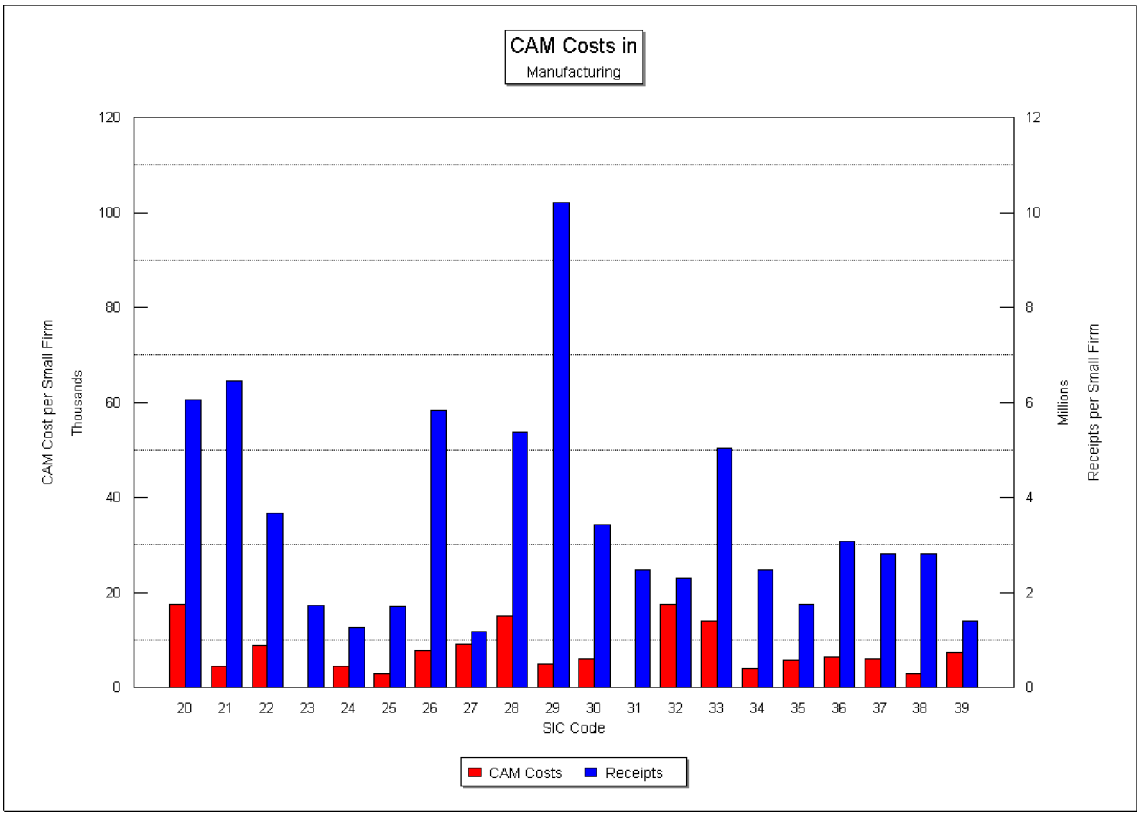


FIGURE V-3
CAM Costs in TCPU, Wholesale & Retail Trade

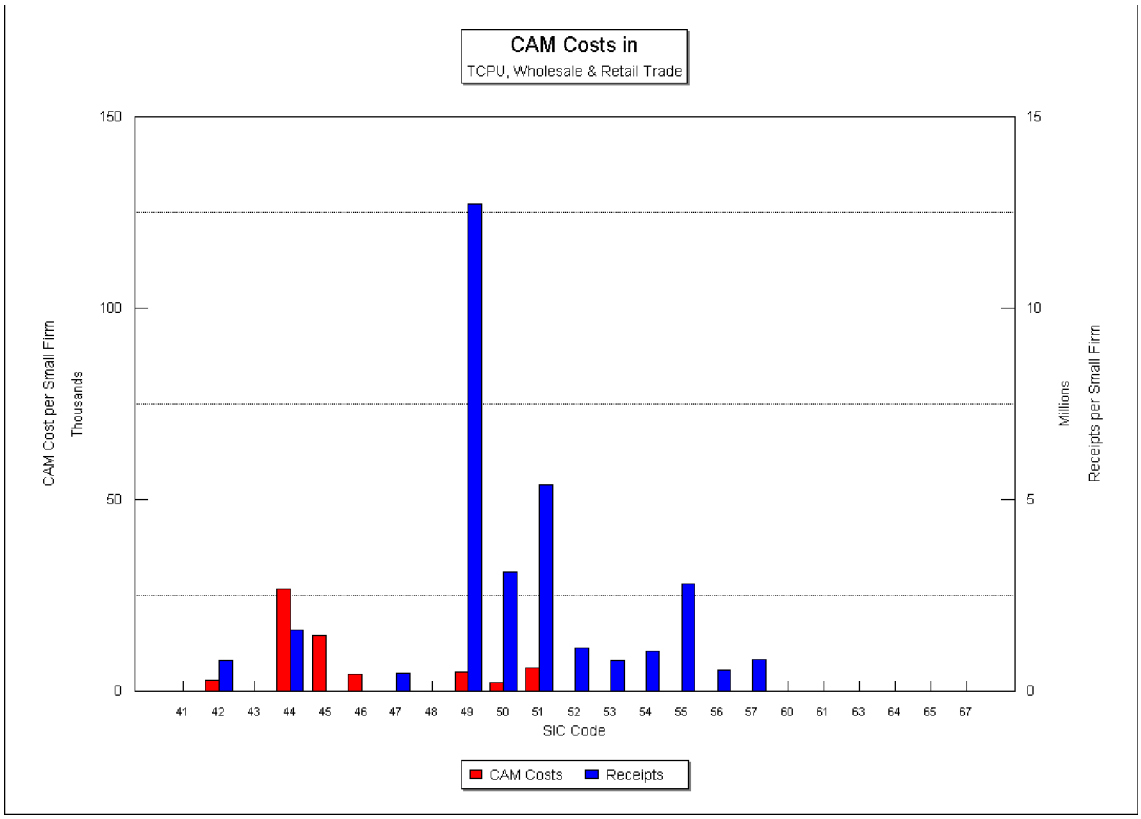
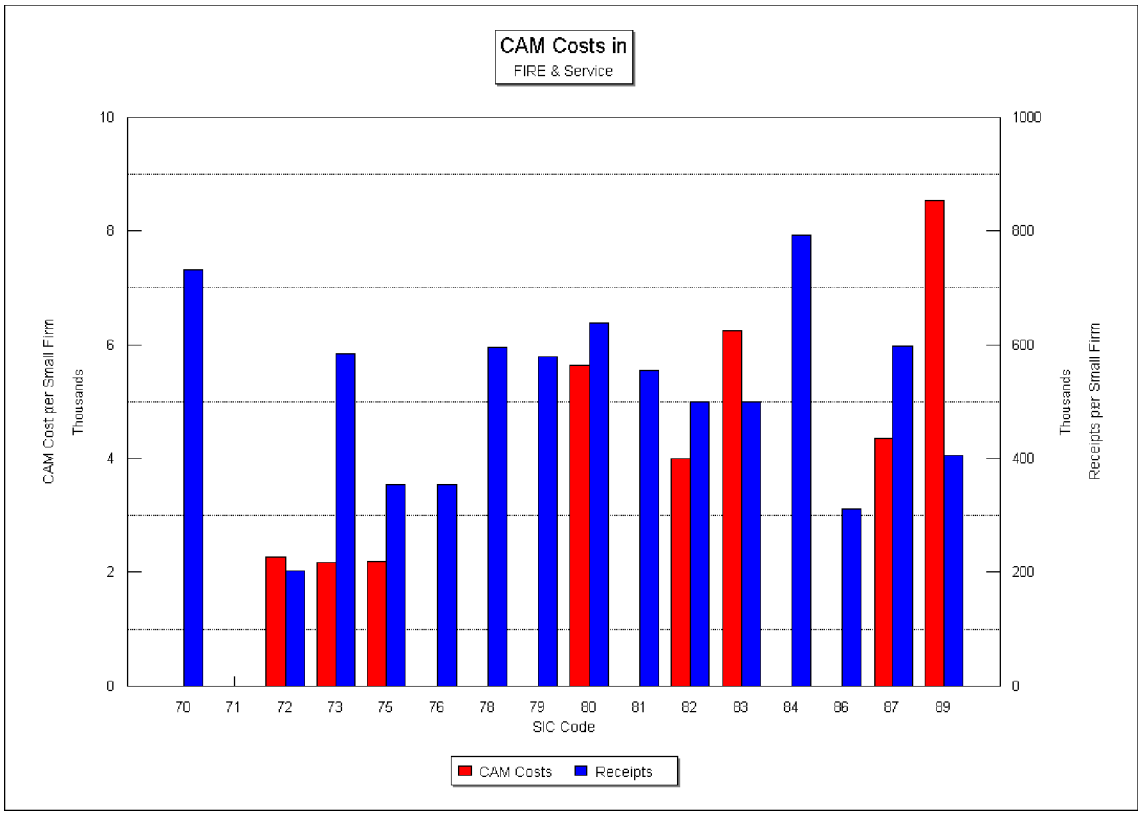


FIGURE V-4
CAM Costs in FIRE and Service



V(C) IMPACTS ON SMALL GOVERNMENTS AND ORGANIZATIONS

This section describes the results of the economic analysis which determines the applicability and effects of the CAM Rule on small government and organizational sources nationwide. The analysis of the potential impacts on small businesses presented in Section V(B) is based on SIC data for affected facilities and statistics reported by the SBA that are based on the *average* firm, not individual sources. In order to analyze the impacts on small governments and organizations, a different approach had to be developed. The new approach uses the database developed for estimating the costs and benefits of CAM (i.e., the CAM database) and extracts those sources representing small governments and organizations for *individual* analysis. The analysis examines non-federal government-owned, CAM affected facilities (sources) serving populations of 50,000 or less and sources owned by tax-exempt organizations with less than 500 employees. The effects of CAM on small government or organizational sources were analyzed to determine if such sources would experience an increase in operating costs, and, if so, how many sources would be affected and what percentage would experience such an increase. Most of the small government and organization sources that are impacted by CAM are utilities and hospitals. These sources are similar to corresponding sources in the private sector and for this reason, the EPA expects that for those small governments or organizations that would experience an increase in operating costs, the increase in costs would be similar to the increase in costs described above for small businesses. For example, CAM requirements for a small privately-operated utility will not differ for CAM requirements for a small governmentally-owned utility.

V(C)(1) INTERPRETING THE CAM DATABASE

The small government and organizational source analysis is based on data from sample States database, projected to sources nationwide. Sample States were asked to identify their Title V sources since the CAM Rule only involves facilities subject to Title V, the data from which were further categorized based on other parameters such as the sources's SIC code. The Agency then conducted a survey of State inspectors to determine the adequacy of baseline monitoring practices and identify applicable sources subject to any Federally enforceable requirements. The results of this survey established the impact of CAM for the sources within the five States.

EPA then extracted all sources from the CAM database that had SIC codes generally associated with governmental or organizational facilities.[24] Facilities with at least one major source became the initial list of government or organizational sources potentially subject to CAM, shown in Table V-2. The sources were primarily power plants,[25] hospitals, and sewerage treatment systems.

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24 This list of governmental and organizational SIC codes was prepared by the Agency, with the help of its contractors.

25 Information on small electrical utilities (SIC codes 4911 and 4931) in the U.S. is maintained by the U.S. Department of Agriculture under the Rural Utilities Service (RUS) program and by the SBA. The *1994 Statistical Report Rural Electric Borrowers* contains information on the operation of 857 RUS electric cooperatives. Electric cooperatives are small business corporations that operate generation, transmission, and/or distribution facilities and represent over 60 percent of SIC code 4911. They do not include government- or investor-owned utilities. (It is assumed no rural electric cooperatives are in SIC code 4931.)

The Agency searched the initial list for potential small government and organizational sources, excluding Federal- and State-owned sources and any source that appeared to have corporate ownership. The decision to omit a facility from the list was based on the facility's name only, and sources of undetermined ownership were not excluded. For comparison purposes, EPA then matched the list with population data, at the town and county level. The Agency defines small government sources as serving a population of under 50,000 people. The results of the analyses are presented in Table V-3. Figure V-5 shows the distribution of government and organization facilities in the CAM database by impact classification.

The five State survey in the CAM database identified 33 government owned facilities as potentially affected: 24 municipal power plants, 7 hospitals, 1 correctional institution, and 1 sewerage treatment system. Consequently, this analysis assumes municipal power plants and hospitals are the most likely categories to be affected by the CAM Rule.

TABLE V-2
POTENTIALLY SMALL ORGANIZATION/GOVERNMENT FACILITIES AFFECTED BY CAM RULE

Plant Name	SIC Code	Government or Organization Facility	Small Facility? Y/N	County Population	City Population	Possibly Exempt PSEUs
4581A	4581	Organization	N	467,000	N/A	-------
4911A	4911	Government	N	467,000	N/A	Yes
4911B	4911	Government	N	827,000	N/A	Yes
4911C	4911	Government	N	192,000	124,000	Partial
4911D	4911	Government	N	192,000	124,000	Partial
4911	4911	Government	Y	90,000	17,000	Partial
4911F	4911	Government	Y	107,000	12,000	-------
4911G	4911	Government	Y	370,000	16,500	-------
4911H	4911	Government	N	181,000	84,000	Yes
4911I	4911	Government	Y	22,000	5,000	-------
4911J	4911	Government	N	673,000	635,000	Partial
4911K	4911	Government	N	673,000	635,000	Yes
4911L	4911	Government	N	673,000	635,000	-------
4911M	4911	Government	Y	193,000	26,000	Partial
4911N	4911	Government	Y	78,000	24,000	-------
4911O	4911	Government	Y	78,000	24,000	Partial
4911P	4911	Government	N	78,000	N/A	-------
4911Q	4911	Government	Y	38,000	16,000	Partial
4911R	4911	Government	Y	360,000	10,000	Partial
4911S	4911	Government	Y	24,900	10,000	Yes
4911T	4911	Government	Y	130,669	12,006	Yes
4911U	4911	Government	Y	36,000	12,000	-------
4911V	4911	Government	Y	34,000	13,000	Partial
4911W	4911	Government	Y	72,000	38,000	Partial
4911X	4911	Government	Y	72,000	38,000	Yes
4911Y	4911	Government	Y	16,076	798	Yes

TABLE V-2
POTENTIALLY SMALL ORGANIZATION/GOVERNMENT FACILITIES AFFECTED BY CAM RULE

Plant Name	SIC Code	Government or Organization Facility	Small Facility? Y/N	County Population	City Population	Possibly Exempt PSEUs
4911Z	4911	Government	Y	40,000	3,000	Yes
4911AA	4911	Government	Y	25,000	2,000	Yes
4911BB	4911	Government	Y	21,000	1,400	Yes
4931A	4931	Government	N	677,000	N/A	Partial
4931B	4931	Government	Y	863,000	28,000	Partial
4931C	4931	Government	Y	80,000	32,000	-------
4931D	4931	Government	Y	140,000	14,000	Yes
4931	4931	Government	Y	40,700	2,000	Yes
4931F	4931	Government	Y	32,000	10,000	Yes
4952A	4952	Government	N	851,000	139,000	-------
4952B	4952	Government	Y	804,000	30,000	-------
4952C	4952	Government	N	1,937,000	358,000	-------
4952D	4952	Government	N	1,937,000	358,000	-------
4952	4952	Government	N	1,937,000	358,000	-------
4952F	4952	Government	N	959,000	N/A	-------
4952G	4952	Government	N	959,000	N/A	-------
4953A	4953	Government	N	60,000	N/A	-------
4953B	4953	Government	N	123,000	N/A	-------
4953C	4953	Government	N	827,000	N/A	-------
4953D	4953	Government	N	827,000	N/A	-------
4953	4953	Government	N	672,000	N/A	-------
4953F	4953	Government	N	834,000	N/A	-------
4953G	4953	Government	N	851,000	N/A	-------
4953H	4953	Government	N	1,937,000	N/A	-------
4953I	4953	Government	N	1,937,000	N/A	-------
4953J	4953	Government	N	863,000	N/A	-------
4953K	4953	Government	N	1,255,000	N/A	-------
4953L	4953	Government	N	797,000	731,000	-------
4953M	4953	Government	N	797,000	731,000	-------
4953N	4953	Government	N	128,000	N/A	-------
4953O	4953	Government	N	959,000	N/A	-------
4953P	4953	Government	N	95,000	N/A	-------
4953Q	4953	Government	N	140,000	N/A	-------
4961A	4961	Government	N	225,000	N/A	-------
4961B	4961	Government	N	186,000	N/A	-------
4961C	4961	Government	N	851,000	139,000	-------
4961D	4961	Government	N	367,000	N/A	-------
4961	4961	Organization	N	367,000	N/A	-------
4961F	4961	Government	N	459,000	628,000	-------
4961G	4961	Government	N	194,000	96,000	-------

TABLE V-2
POTENTIALLY SMALL ORGANIZATION/GOVERNMENT FACILITIES AFFECTED BY CAM RULE

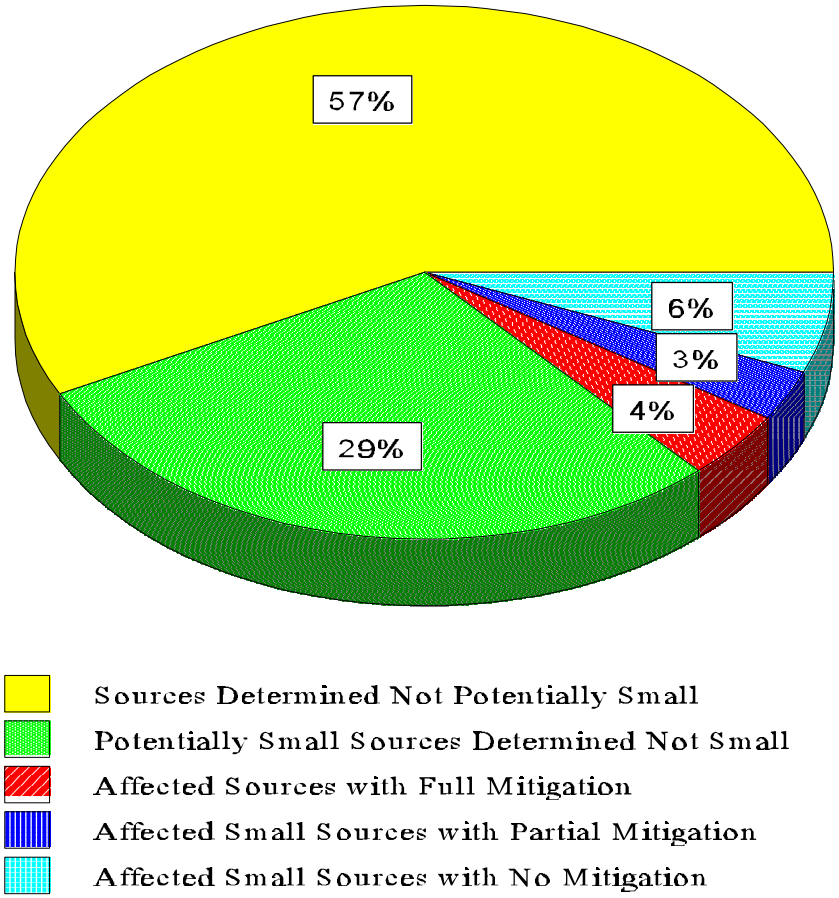
Plant Name	SIC Code	Government or Organization Facility	Small Facility? Y/N	County Population	City Population	Possibly Exempt PSEUs
8051A	8051	Organization	N	475,000	N/A	-------
8062A	8062	Government	N	827,000	N/A	-------
8062B	8062	Organization	N	827,000	N/A	-------
8062C	8062	Government	N	827,000	N/A	-------
8062D	8062	Government	N	827,000	N/A	-------
8062	8062	Government	N	851,000	N/A	-------
8062F	8062	Organization	N	851,000	N/A	-------
8062G	8062	Government	N	851,000	N/A	-------
8062H	8062	Government	N	143,000	N/A	-------
8062I	8062	Government	N	804,000	N/A	-------
8062J	8062	Organization	Y	254,000	N/A	-------
8062K	8062	Government	Y	128,000	N/A	-------
8062L	8062	Organization	N	797,000	N/A	-------
8062M	8062	Government	Y	367,000	N/A	-------
8062N	8062	Government	N	128,000	N/A	-------
8062O	8062	Organization	Y	959,000	N/A	-------
8062P	8062	Organization	N	959,000	N/A	-------
8062Q	8062	Organization	N	959,000	N/A	-------
8062R	8062	Organization	N	959,000	N/A	-------
8062S	8062	Government	N	304,000	N/A	-------
8062T	8062	Organization	N	194,000	N/A	-------
8062U	8062	Government	Y	115,000	37,000	-------
8062V	8062	Organization	N	73,000	N/A	-------
8063A	8063	Government	Y	123,000	N/A	-------
8063B	8063	Government	Y	827,000	N/A	-------
8063C	8063	Government	N	38,000	16,000	-------
8063D	8063	Government	N	29,000	12,000	-------
8069A	8069	Organization	N	467,000	N/A	-------
8069B	8069	Government	N	23,000	N/A	-------
8221A	8221	Government	N	827,000	N/A	-------
8221B	8221	Organization	N	851,000	N/A	-------
8221C	8221	Organization	N	804,000	N/A	-------
8221D	8221	Organization	N	247,000	N/A	-------
9223A	9223	Government	Y	32,000	N/A	-------
9223B	9223	Government	N	75,000	N/A	-------
9223C	9223	Government	N	107,000	N/A	-------
9511A	9511	Government	N	75,000	N/A	-------

TABLE V-3
ANALYSIS OF GOVERNMENTAL AND ORGANIZATIONAL SICs
IN CAM DATABASE

SIC	SIC Description	Type	Total in CAM Database	No. Potential Small Identified	No. Determined to be Small	Impacts Mitigated by section 64.2(c)(2)	Impacts Partially Mitigated by section 64.2(c)(2)
4581	Airports	Organization	1	1	0		
4500	Summary		1	1	0		
4911	Electric Services	Government	106	28	19	7	7
4931	Electrical and Other Combined Services	Government	16	6	5	3	1
4952	Sewerage Systems	Government	7	7	1		
4953	Refuse Systems	Government	17	17	0		
4961	Steam Supply	Government	11	7	0		
4900	Summary		157	65	25		
8051	Nursing Care Facilities	Organization	1	1	0		
8062	General Medical Hospitals	Both	30	22	5		
8063	Psychiatric Hospitals	Both	12	4	2		
8069	Specialty Hospitals	Both	4	2	0		
8000	Summary		47	29	7		
8221	Colleges and Universities	Both	23	4	0		
8200	Summary		23	4	0		
9223	Correctional Institutions	Government	9	3	1		
9200	Summary		9	3	1		
9511	Waste Management	Government	1	1	0		
9500	Summary		1	1	0		
TOTAL			**238**	**103**	**33**	**10**	**8**

FIGURE V-5

Distribution of CAM Sources In Governmental and Organizational SICs



V(C)(2) IMPACTS ON SMALL ELECTRIC UTILITIES

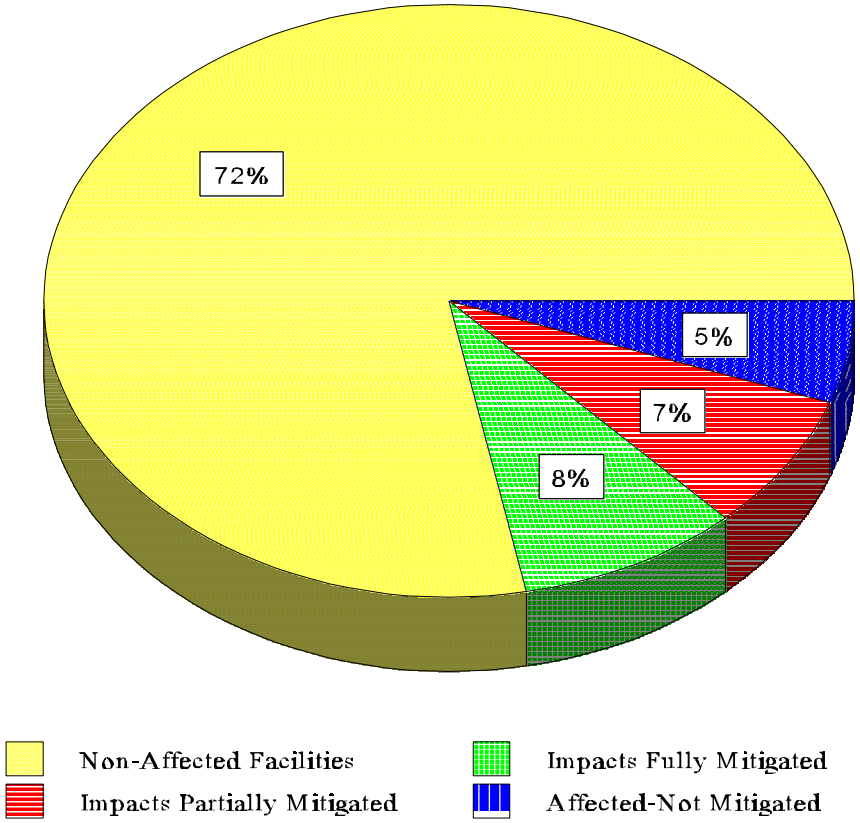
Projecting the numbers in the CAM database nationwide, the Agency expects the impacts of CAM would be fully mitigated at 100 sources, partially mitigated at 80 sources, and fully impacted by the CAM Rule at 60 sources. EPA compared this assessment with the estimated total number of small municipally-owned utilities. All but seven of the facilities have employment under 500 people. The SBA states that there are 1,383 utilities (in SICs 4911 and 4931) with employment under 500 people. These sources are not identified by type, therefore, investor-owned utilities and federal- and State-owned sources are included in the SBA statistics. Since the actual number of small municipally-owned utilities (including rural electric cooperatives) is not available, this analysis assumes the number of small sources is between 850 and 1,383. This corresponds to a range of 11 to 18 percent of the total number of sources affected by the CAM rule. Given the relatively low number of impacted sources, the low percentage of impacted sources out of the total number of similar sources, and the low cost impacts associated with CAM, the Agency concludes that, for this category of sources, there will not be a significant impact upon a substantial number of small entities. Figure V-6 shows a pie chart of the distribution of small municipally-owned utilities affected by the CAM rule using 1,117 as the total number of sources (i.e., the average of 850 and 1,383).

The percentage of affected small municipal utilities can also be calculated from the sample data, which contains a total of 122 sources in SIC codes 4911 and 4931. Eighteen of these sources are either fully or partially affected or 15 percent of the total. This number should be a good indication of the U.S. total since the five States have been confirmed to be reasonably representative of industry types and air quality problems throughout the U.S. Since this percentage is between the 11 and 18 percent range, this seems to add credibility to the analyses that were performed using the RUS/SBA statistics.

V(C)(3) IMPACTS ON SMALL ORGANIZATIONS

The Agency used an approach similar to that applied to small governments for small organizations. In the sample States, hospitals were the only small organization to be affected. Those institutions whose names implied State or Federal ownership, or affiliation with a major religious organization were excluded from the final list of small organizations, which contained thirteen hospitals. According to SBA, there are 2,821 hospitals with employment under 500 people. The number of affected hospitals in the five sample States is 7, which projects to a national total of 70 CAM affected hospitals . This corresponds to 3 percent of the total of the nations 2,821 small hospitals (based on SBA statistics). Given the relatively low number of impacted small organizations, the low percentage of impacted small organizations out of the total number of such organizations, and the low cost impacts associated with CAM, the Agency concludes that for this category of sources there will not be a significant impact upon a substantial number of small organizations.

FIGURE V-6
DISTRIBUTION IMPACTS FOR SMALL MUNICIPALLY-OWNED UTILITIES



V(C)(4) POTENTIAL OVERESTIMATION OF IMPACTS

CAM requires compliance only from units subject to applicable State or Federal requirements. Gas-fired boilers located in ozone attainment areas are unlikely to be subject to any emissions limitations or other requirements. Although these sources may be subject to Part 70 requirements and may be major sources of NOx, if they are not subject to any special requirements, then they are not subject to the CAM Rule. Sources may also have few requirements under the CAM Rule if their existing monitoring activities are deemed adequate.

One of the commenters on the Draft RIA for the 1996 Part 64 draft was from a regional power authority who had several municipal members that share costs and serve a total population less than 50,000 people. For the purposes of this analysis, municipal utilities were treated as independent entities. The treatment of these utilities as independent entities may tend to overestimate the number of affected facilities if other regional authorities allow sharing of costs between municipalities. In addition, if the total population served by the power authority was larger than 50,000 people, it would not qualify as small under Regulatory Flexibility Act.

Using the entire CAM database, the Agency determined the number of small entities identified as potentially subject to CAM requirements that would be exempt because of the lack of applicable requirements or have few requirements due to the existence of adequate monitoring. For example, large coal-fired utilities would be subject to New Source Performance Standards. However, small gas-fired utilities in small towns or rural areas are not likely to be subject to additional regulatory requirements. Based on State agency survey results, EPA determined that 22.8 percent of the units emitting NOx and 47.1 percent of the CO units in the entire CAM database would not be subject to Federally enforceable requirements under title V. EPA could not determine which sources among the small entities would be exempt or would have few requirements if their existing monitoring is determined to be adequate. However, it is reasonable to assume that a portion of the sources identified in this analysis would be exempt due to a lack of applicable requirements or have few requirements because they were already performing adequate monitoring. This indicates that the percentage of affected sources is even lower than the analyses currently show. As the analytical approach was to determine a maximum impact on small entities, this overestimation provides additional assurance that small entities are not negatively impacted by CAM.