

## EXHIBIT 9.—COST-TO-REVENUE RATIO FOR THE WATERBODY/CAPACITY-BASED OPTION (FACILITY LEVEL)

| Annualized cost-to-revenue ratio | Proposal     |                           | NODA         |                           |
|----------------------------------|--------------|---------------------------|--------------|---------------------------|
|                                  | All phase II | Percent of total phase II | All phase II | Percent of total phase II |
| <0.5% .....                      | 355          | 65                        | 281          | 51                        |
| >=0.5 to <1.0% .....             | 60           | 11                        | 101          | 18                        |
| >=1.0 to <3.0% .....             | 57           | 10                        | 102          | 19                        |
| >=3.0% .....                     | 67           | 12                        | 58           | 11                        |
| Baseline Closure .....           | 9            | 2                         | 7            | 1                         |
| n/a .....                        | 1            | 0                         | 1            | 0                         |
| Total .....                      | 550          | 100                       | 551          | 100                       |

## 2. Firm-Level Analysis

The firms owning the facilities subject to Phase II regulation may experience greater impacts than individual in-scope facilities if they own more than one facility with compliance costs. EPA therefore also analyzed the cost-to-revenue ratios at the firm level. EPA identified the domestic parent entity of each in-scope facility and obtained their sales revenue from publicly available data sources (the Dun and Bradstreet database for parent firms of investor-owned utilities and nonutilities; and Form EIA-861 for all other parent entities) and EPA's 2000 Section 316(b) Industry Survey. This analysis showed that 128 unique domestic parent entities own the facilities subject to Phase II regulation. For both analyzed options,

EPA compared the aggregated annualized post-tax compliance costs for each facility owned by the 128 parent entities to the firms' total sales revenue.

Since proposal, EPA has not updated the parent firm determination for Phase II facilities. However, EPA updated the average Form EIA-861 data used for this analysis from 1996 to 1998 (used at proposal) to 1997 to 1999 (used for the NODA). In addition, EPA made one modification to the data sources used: At proposal, EPA used Dun and Bradstreet (D&B) data for any parent entity listed in the database. If D&B data were not available, EPA used the EIA database or the Section 316(b) Survey. For the NODA analysis, EPA used the D&B database for privately-owned

entities only. For other entities, EPA used the EIA database.

For the preferred option, EPA estimates that of the 128 unique entities, only two entities would incur compliance costs of greater than three percent of revenues; 11 entities would incur compliance costs of between one and three percent of revenues; eight entities would incur compliance costs of between 0.5 and one percent of revenues; and the remaining 107 entities would incur compliance costs of less than 0.5 percent of revenues. The highest estimated cost-to-revenue ratio for this NODA analysis is 7.4 percent of the entities' annual sales revenue (at proposal this value was 5.3 percent). Exhibit 10 below summarizes these findings and also presents the ratios estimated at proposal.

## EXHIBIT 10.—COST-TO-REVENUE RATIO FOR THE PREFERRED OPTION (FIRM LEVEL)

| Annualized cost-to-revenue ratio | Proposal     |                           | NODA         |                           |
|----------------------------------|--------------|---------------------------|--------------|---------------------------|
|                                  | All phase II | Percent of total phase II | All phase II | Percent of total phase II |
| <0.5% .....                      | 104          | 79                        | 107          | 84                        |
| >= 0.5 to <1.0% .....            | 12           | 9                         | 8            | 6                         |
| >= 1.0 to <3.0% .....            | 10           | 8                         | 11           | 9                         |
| >= 3.0% .....                    | 3            | 2                         | 2            | 2                         |
| Baseline Closure .....           | 2            | 2                         | 0            | 0                         |
| Total .....                      | 131          | 100                       | 128          | 100                       |

Exhibit 11 below presents the same information for the waterbody/capacity-based option.

## EXHIBIT 11.—COST-TO-REVENUE RATIO FOR THE WATERBODY/CAPACITY-BASED OPTION (FIRM LEVEL)

| Annualized cost-to-revenue ratio | Proposal     |                           | NODA         |                           |
|----------------------------------|--------------|---------------------------|--------------|---------------------------|
|                                  | All phase II | Percent of total phase II | All phase II | Percent of total phase II |
| < 0.5% .....                     | 108          | 82                        | 95           | 74                        |
| >= 0.5 to <1.0% .....            | 12           | 9                         | 16           | 13                        |
| >= 1.0 to <3.0% .....            | 6            | 5                         | 15           | 12                        |

<sup>17</sup> For the waterbody/capacity-based option, IPM revenues for 2008 were not available for seven facilities estimated to be baseline closures, ten facilities not modeled by the IPM, and two facilities

projected to have zero baseline revenues. EPA used facility-specific electricity generation and firm-specific wholesale prices as reported to the Energy Information Administration (EIA) to calculate the

cost-to-revenue ratio for the 12 non-baseline closure facilities with missing information. The revenues for one of these facilities remains unknown.