

decided to combine restoration measures with technologies or operational measures, they would provide peer reviewers, for background information purposes, with access to materials for submission to the Director under proposed §§ 125.95(b)(2)-(4). EPA requests comment on whether adding a peer review requirement may add expense and delay to the permitting process and, if so, what might be the extent of the expense or delay. EPA also requests comment on whether a peer review may result in cost savings by ensuring that restoration projects are effective and cost-effective. If EPA were to add such a requirement, regulatory language might be modified as follows:

Add to Section 125.95(b)(5):

(vi) The final report from an independent peer review of the items you submit under (b)(5)(I), (ii), (iii), (iv), (v), and (b)(7) of this section. You must choose the peer reviewers in consultation with Federal, State, and Tribal fish and wildlife management agencies with responsibility for fish and wildlife potentially affected by your cooling water intake structure.

EPA requests comment on adding such a requirement.

C. Request for Impingement and Entrainment Data

EPA solicits data on additional impingement and entrainment at facilities withdrawing cooling water from surface waters of the U.S. Facilities responding to EPA's questionnaire surveys reported studies of impingement or entrainment at the following water sources: estuary or tidal river, 98 facilities; freshwater stream or river, 201 facilities; the Great Lakes, 20 facilities; lake or reservoir, 74 facilities; ocean, 21 facilities. Despite the large number of facilities reporting studies in freshwater, EPA has received relatively few such studies. To date, EPA has received approximately 20 studies from inland facilities. Thus, EPA especially requests recent impingement and entrainment studies and data for freshwater sources (streams, rivers, lakes, and reservoirs). Please see the section entitled **FOR FURTHER INFORMATION CONTACT** at the beginning of this notice for technical points of contact to whom studies and/or data may be submitted.

X. National Benefits

A. Case Study Clarifications and Corrections

EPA had numerous lengthy telephone conferences with industry and environmental groups to respond to questions on the cost-benefit analysis presented at proposal. EPA also

provided detailed written responses to these questions in a series of memoranda provided to commenters during the summer of 2002. These materials are entitled: "Appendix 2: Summary of CBI and Non-CBI Facilities from Questionnaires," "Response to UWAG Questions Re: Phase II Proposal Record, Revised December 2, 2002," "Appendix 1: Additional Detail on Extrapolation," "Appendix 3: Tables 1-4," "Response to Riverkeeper Questions Regarding Phase II Proposal Record, Revised July 31, 2002," "Example calculations for national extrapolation," "Responses to Riverkeeper Questions on § 316(b) Phase II Case Study Benefits Analyses," "Responses to PG&E Questions about the § 316(b) Phase II Brayton Point Case Study," "Responses to Riverkeeper Follow-Up Questions on § 316(b) Phase II Case Study Benefits Analyses," "Responses to Riverkeeper Questions on § 316(b) Phase II Case Study Benefits Analyses," and "Responses to Riverkeeper Questions About the § 316(b) Phase II Case Study I&E Analyses." The memorandum entitled "Analytical and Clerical Errors in the § 316(b) Phase II Case Study Document, Preamble, and Economic and Benefits Analysis" is an additional memorandum that corrects any clerical or analytical errors that were identified subsequent to proposal.

B. Regional Approach to Developing Benefits Estimates

1. Objectives of Regional Approach

In its analysis for section 316(b) Phase II proposal, EPA relied on nine case studies to estimate the potential economic benefits of reduced impingement and entrainment. EPA extrapolated facility-specific estimates to other facilities located on the same waterbody type and summed the results for all waterbody types to obtain national estimates. A number of commenters expressed concern about this method of extrapolation, noting that even within the same water body type, there are important ecological and socioeconomic differences among different regions of the country. For example, commercial and recreational fisheries of Atlantic Coast estuaries are substantially different from those of Pacific Coast estuaries.

To address this concern, EPA has revised the design of its analysis to examine cooling water intake structure impacts at the regional-scale. The regional approach to developing national benefits estimates involves evaluating changes in impingement and entrainment losses and the associated monetary values for improved

recreational and commercial catch and nonuse value of these changes in impingement and entrainment, at the regional level. The estimated benefits will then be aggregated across all regions to yield the national benefit estimate. For this analysis, coastal regions are fisheries regions defined by National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service (NMFS). Freshwater facilities are grouped into either the Great Lakes region or the interior region of the U.S. (The regional approach is further discussed in the document entitled "Regional Methodology Used in the section 316(b) Phase II Notice of Data Availability.") EPA believes that these regional definitions are both ecologically and economically meaningful, and offer a better scale of resolution upon which to base estimates of national impacts and benefits.

EPA is proposing this regional analytical approach for this national rulemaking effort, but is not advocating this approach for impact and/or benefits analyses that might be conducted for individual National Pollution Discharge Elimination System (NPDES) permits. At the individual permit level it should be generally necessary to conduct a more detailed, site-specific analysis of the environmental ramifications of the cooling water intake structures governed by the permit in question than is necessary or feasible for this national-level rulemaking analysis. Such a site-specific analysis to support a permit might, for example, consider detailed, species specific information on impingement mortality and entrainment, different factors, or use different approaches in estimating total benefits.

In addition, EPA received a number of comments on the valuation approaches applied to evaluate the proposed rule. In estimating benefits of the proposed rule for each case study, the Agency used several valuation approaches that are the focus of this NODA: (1) Commercial fishery benefits were valued using market data; (2) recreational fishery benefits were valued using both primary research and benefit transfer from other nonmarket valuation studies; (3) nonuse benefits were estimated based on benefits transfer using the "50 percent rule" (i.e., 50 percent of use value).

Several commenters posed questions or expressed concern with how the Agency at proposal attempted to convert projected changes in commercial landings into suitable measures of producer and consumer surplus. Most commenters agreed that properly executed benefits transfer is an