

and the cost of any unemployment that may result from the regulation. The government administration costs include the costs to POTWs of permitting and compliance monitoring and enforcement activities. The unemployment-related costs include the cost of administering unemployment programs for workers who would lose employment, and an estimate of the amount that workers would be willing to pay to avoid involuntary unemployment.

## 2. Resource Cost of Compliance

The resource costs of compliance are the value of society's productive resources—including labor, equipment, and materials—consumed to achieve the reductions in effluent discharges required by the final rule. On the basis of a 7 percent discount rate, EPA estimates the annualized cost of compliance at \$13.8 million (2001\$). This value exceeds the cost that privately-owned firms would incur in complying with the regulation because: (1) Some of the costs are borne by the general tax-paying public through the tax deduction permitted on privately-owned firms' compliance outlays and (2) some costs are passed onto consumers in the form of price increases. Although these two categories of cost are not part of the financial burden on regulated industries, they are part of the regulation's overall cost to society. EPA also estimated the annualized cost of compliance using a 3 percent discount rate and, in conjunction, an assumed 3 percent opportunity cost of capital to society. At the 3 percent discount rate, EPA estimates the annualized cost of compliance at \$13.7 million (2001\$).

## 3. Cost of Administering the Regulation

As discussed in section VIII.I of this preamble, since the final rule only regulates direct dischargers, EPA does not expect increases in administrative costs because all direct dischargers already hold permits.

## 4. Social Cost of Unemployment

The loss of jobs associated with any facility closures would represent a social cost of the regulation. However, from its facility impact analysis, EPA estimates that no facilities will close as a result of the regulation. Accordingly, EPA estimates a zero cost of unemployment for the final regulation. The results of this analysis for alternative regulatory options where closures are predicted can be found in Chapter 6 of the EEBA.

## 5. Total Social Costs

Summing across all social costs results in a total annualized social cost estimate of \$13.8 million (2001), at a 7 percent discount rate, and \$13.7 million, at a 3 percent discount rate, as shown in Table VIII-8.

TABLE VIII-8.—ANNUAL SOCIAL COSTS OF THE REGULATION  
[Pre-tax, million \$2001]

Social cost category	Annualized @ 3%	Annualized @ 7%
Resource Value of Compliance Costs (before-tax) .....	\$13.7	\$13.8
Government Administrative Costs .....	\$0	\$0
Social Costs of Unemployment .....	\$0	\$0

TABLE VIII-8.—ANNUAL SOCIAL COSTS OF THE REGULATION—Continued

[Pre-tax, million \$2001]

Social cost category	Annualized @ 3%	Annualized @ 7%
Total Social Costs .....	\$13.7	\$13.8

## J. Cost and Removal Comparison Analysis

The Agency is promulgating BPT limitations for the Oily Wastes subcategory. Among the factors EPA must consider when promulgating BPT limitations, section 304(b)(1)(B) of the CWA directs EPA to consider the total incremental compliance costs of the BPT technology in relation to the effluent reductions achieved by the technology. This inquiry does not limit EPA's broad discretion to adopt BPT limitations based on available technology unless the required additional reductions are wholly out of proportion to the costs of achieving the additional effluent reduction.

One cost and removal comparison ratio used by EPA is the average cost per pound of pollutant removed by a BPT regulatory option. EPA measures the cost component as pre-tax total annualized costs (\$2001). For the Oily Wastes subcategory, EPA measures the effluent reduction benefits as the summation of O&G (as HEM) and TSS to avoid significant double counting of pollutants. EPA analyses show that OWS facilities largely discharge conventional pollutants. Table VIII-9 shows the incremental compliance costs, the incremental pollutant reductions, and the resulting cost and removal comparison ratio.

TABLE VIII-9.—COST AND REMOVAL COMPARISON FOR THE OILY WASTES SUBCATEGORY  
[\$2001/lb pollutant removed]

Subcategory	Annualized cost (\$2001) (millions)	Annual pounds of pollutant removed	Cost and removal comparison (\$2001/lb pollutant removed)
Oily Wastes .....	13.8	480,325	28.73

## K. Cost-Effectiveness Analysis

In the development of best available technology effluent limitations guidelines for removals of toxic pollutants, EPA evaluates the relative efficiency of alternative regulatory options in removing toxic pollutants from the effluent discharges to the

nation's waters. Because EPA is today not promulgating Oily Wastes subcategory BAT limitations based on a more stringent technology than BPT technology, EPA is not providing a cost-effectiveness analysis for the final rule, which contains only BPT limitations (see section VIII.J for the cost and removal comparison analysis). EPA did

perform a cost-effectiveness analysis for the alternative regulatory options that would have regulated indirect dischargers; the results of this analysis are reported in the EEBA and DCN 37900, section 26.0.