

are positive, society is incurring greater costs as a result of the health damages compared to the costs society could pay to reduce those health damages (*i.e.* society would be better off to invest more in controlling the health damage). If net incremental benefits are negative, then the cost of the additional control is higher than the value of the additional health damages avoided. Therefore, the "efficient" regulatory level is where the next additional incremental reduction in health damages equals the

incremental cost of achieving that reduction. However, the usefulness of this analysis is constrained when major benefits and/or costs are unquantified or not monetized.

For the proposed Stage 2 DBPR, presentation of incremental quantitative benefit and cost comparisons may be unrepresentative of the true net benefits of the rule because a significant portion of the rule's potential benefits are non-quantifiable (*see* section C.1). Tables VII-14 and VII-15 show the total

estimated costs and benefits for each alternative. Evaluation of the incremental changes between different rows in the tables shows that incremental costs generally fall within the range of incremental benefits for each more stringent alternative. Equally important, the addition of any benefits attributable to the non-quantified categories would add to the benefits without any increase in costs.

TABLE VII-14.—TOTAL ANNUALIZED PRESENT VALUE COSTS BY RULE ALTERNATIVE  
(\$millions, 2000\$)

Rule alternative	Total annualized cost (\$millions)					
	3 Percent discount rate			7 Percent discount rate		
	Mean estimate	90 Percent confidence bound		Mean estimate	90 Percent confidence bound	
		Lower (5th % tile)	Upper (95th % tile)		Lower (5th % tile)	Upper (95th % tile)
Preferred .....	\$59.1	\$54.3	\$63.9	\$64.6	\$59.2	\$70.0
Alt. 1 .....	182.2	165.1	199.6	195.1	175.9	214.3
Alt. 2 .....	409.6	383.6	435.7	442.7	413.4	472.2
Alt. 3 .....	594.3	556.3	631.9	644.2	601.1	686.9

Note: Costs represent values in millions of 2000 dollars. Estimates are discounted to 2003—90 percent Confidence Intervals reflect uncertainty in technology unit cost estimates

Source: Economic Analysis (USEPA 2003i) exhibit 6.24