

steel mill products is projected to increase by less than 4/1000th of 1 percent and the quantity produced is projected to change by less than 3/1000th of 1 percent. The EAF steel producers who make steel from scrap rather than iron ore are projected to increase their output by approximately 15/100th of 1 percent in response to the slight increase in the price of steel mill products. While the market overall shows minimal impacts associated with the final rule, the financial stability of the firms operating in this market is very uncertain. The past few years have been a period of tremendous change in the iron and steel industry, during which more than 29 companies in the industry have declared bankruptcy, several plants have closed, and EAF technology has secured a growing share of the market. These changes have occurred due to evolving economic conditions, both domestically and abroad, and technological developments within the industry. Conditions continue to be challenging for iron and steel producers. In an assessment of the impacts on the companies owning taconite plants, we find the estimated costs of the final rule are uniformly less than 1 percent of baseline sales revenues, and typically less than 3 percent of baseline profits. However, four of the companies had negative operating income in 2002, a period of time during in which the entire Nation experienced lower than the historical average for economic activity. A number of companies owning taconite plants have filed for protection under Chapter 11 of the bankruptcy code since 2001. Thus, there is reason to be concerned about the financial condition of companies owning taconite plants. The incremental effect of the final rule on firm financial stability, however, is projected to be very small.

We also prepared a sensitivity analysis that examined the regional impacts of the final rule. All the taconite production plants are located within four counties in Minnesota and one in Michigan. Thus, the impacts of the final rule are expected to be concentrated geographically. We modeled the supply and demand linkages of the various industries and households within each county to estimate changes that may occur in the region as the taconite industry complies with the final NESHAP. We estimate that as industries that interact with the taconite industry (such as construction and earth moving equipment industries) react to the changes in the taconite market, and as household incomes are reduced as a result of changes in all the various

industries in the region, the impact of the final rule will add approximately \$0.4 million in economic cost to the region. This represents approximately 2/100ths of 1 percent of total sales in those counties. Thus, even though the impacts are concentrated in only five counties, we believe that the impacts on those county economies will not be very large.

For more information on these economic impacts, please refer to the economic impact analysis that is in the final rule docket (ID No. OAR-2002-0039).

#### *D. What Are the Non-Air Health, Environmental, and Energy Impacts?*

We project that the implementation of the final rule will increase water usage by 8 billion gallons per year industrywide. This increased water usage is expected to result from the installation of new wet scrubbers needed for compliance. Much of this water will be discharged as scrubber blowdown to the tailings basin(s) located at each plant. At two or more of the affected facilities, there is the potential that this increased wastewater burden will result in new or aggravated violations of permitted wastewater discharge limits from the tailings basins unless significant measures are taken to install new or upgrade existing wastewater treatment systems. The energy increase is expected to be 14,309 megawatt-hours per year, primarily due to the energy requirements of new wet scrubbers.

### **V. Statutory and Executive Order Reviews**

#### *A. Executive Order 12866: Regulatory Planning and Review*

Under Executive Order 12866 (58 FR 51735, October 4, 1993), the EPA must determine whether the regulatory action is "significant" and, therefore, subject to review by the Office of Management and Budget (OMB) and the requirements of the Executive Order. The Executive Order defines a "significant regulatory action" as one that is likely to result in a rule that may:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) materially alter the budgetary impact of entitlement, grants, user fees,

or loan programs or the rights and obligations of recipients thereof; or

(4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

It has been determined that the final rule is not a "significant regulatory action" under the terms of Executive Order 12866, and is, therefore, not subject to OMB review.

#### *B. Paperwork Reduction Act*

The information collection requirements in the final rule have been submitted for approval to OMB under the Paperwork Reduction Act, 44 U.S.C. 3501 *et seq.* The information requirements are not enforceable until OMB approves them.

The information requirements are based on notification, recordkeeping, and reporting requirements in the NESHAP General Provisions (40 CFR part 63, subpart A), which are mandatory for all operators subject to NESHAP. These recordkeeping and reporting requirements are specifically authorized by section 112 of the CAA (42 U.S.C. 7414). All information submitted to the EPA pursuant to the recordkeeping and reporting requirements for which a claim of confidentiality is made is safeguarded according to Agency policies in 40 CFR part 2, subpart B.

The final rule requires applicable one-time notifications required by the General Provisions for each affected source. As required by the NESHAP General Provisions, all plants must prepare and operate by a startup, shutdown, and malfunction plan. Plants are also required to prepare an operation and maintenance plan for control devices subject to operating limits, a monitoring plan for baghouses and CPMS, a fugitive emissions control plan, and a performance testing plan. Records are required to demonstrate continuous compliance with the monitoring, operation, and maintenance requirements for control devices and monitoring systems. Semiannual compliance reports also are required. These reports must describe any deviation from the standards, any period a continuous monitoring system was "out-of-control," or any startup, shutdown, or malfunction event where actions taken to respond were inconsistent with the startup, shutdown, and malfunction plan. If no deviation or other event occurred, only a summary report is required. Consistent with the General Provisions, if actions taken in response to a startup, shutdown, or malfunction event are not consistent with the plan, an immediate report must