

TABLE VI.B.2.—IMPACTS FOR COMMERCIAL FACILITIES (NET INCOME BASIS)¹—Continued

Analysis level ²	Impact	Size (1,000 lbs/yr)	Number of entities in analysis ³	Option				
				A	B	1	2	3
.....	Increase in County Unemployment Rate (%).	20–100	45	<0.1	<0.1	0	<0.1	<0.1
		100–475	50	<0.2	<0.2	<0.2	<0.2	<1
	National Employment Loss	20–100	45	26	26	0	26	26
		100–475	50	20	20	20	20	90
	National Loss in Output (\$ millions).	20–100	45	\$2.1	\$2.1	\$0.0	\$2.1	\$2.1
		100–475	50	\$1.6	\$1.6	\$1.6	\$1.6	\$7.4
	Sales test: >1 percent	20–100	50	15	15	5	15	25
		100–475	54	13	23	21	23	29
	Sales test: >3 percent	20–100	50	10	10	0	10	10
		100–475	54	5	11	11	11	16
Company ⁵	Closure		26	2	2	1	2	3
	Farm Financial Health ⁴	2A	2A	2A	2A	2A
			43					1B

¹ All impacts fall on flow-through systems; recirculating or net pen systems display no impacts. In addition, facilities with flow-through systems that produce more than 475,000 lbs per year display no impacts.

² Rows are shown only when there are impacts. No impacts at enterprise level, recirculating, or net pen systems, or for flow-through facilities in the 475,000 lb/yr or more size category; we did not conduct closure analysis at the enterprise level for facilities that are projected to close.

³ Number of entities projected to incur costs and are not baseline closures, assuming net income analysis, and for which enough data were available. For the closure analysis, this is the weighted number of facilities or the unweighted number of companies. The statistical procedures we used to draw the sample and develop the facility survey weights do not support inferences on a national level about company characteristics. Of the facilities projected to incur costs in this NODA, more than 90 percent are single facility companies.

⁴ 2A: two companies shift from marginal solvency to vulnerable. 1B: one company shifts from favorable to vulnerable.

⁵ Credit test not performed on net income basis because USDA methodology specifies maximum feasible loan payment (MFLP) be calculated from borrower's cash flow, without deducting depreciation.

⁶ Due to rounding of survey weights, the total number of facilities (20,000 to 475,000 size categories) projected to close under Option 3 is 15, not 16.

a. Closure Analysis Results. For commercial facilities, EPA examined the possibility of closure on several levels: enterprise, facility, and company. Sixteen respondents to the detailed survey supplied enterprise level financial information in Question C9 of the detailed survey. EPA based the facility closure analysis on the facility financial data supplied in Question C.6 of the detailed survey. The company level analysis differs from the facility analysis in that it reflects costs for all aquatic animal production facilities owned by the company. To identify all sites belonging to each company, we compiled a list of companies from the costed facilities (45 companies) and examined the screener survey data and responses to Question 2. Where EPA did not have detailed survey data for a particular facility, we assigned the average cost for the other facilities owned by that company.

Section V.C.3.b describes the forecasting methods and closure methodology. The analysis predicts that about one-third of the facilities (e.g., 64 of 181 commercial facilities) fall into the closure category under baseline conditions (i.e., they show negative long-term earnings before the rule). This is consistent with comments indicating the industry has gone through difficult times in the recent past. We could analyze all sixteen enterprises for

impacts (i.e., none failed in the baseline). We did not conduct closure analysis at the enterprise level when the facility was projected to close. No impacts are estimated to occur at the enterprise level under any of the regulatory options. Thirteen of the 45 companies are projected as baseline failures.

Based on cash flow analysis, five flow-through facilities close as a result of the added costs under Options A, B, 1, and 2, (Table VI.B.1). We do not expect any other types of facilities to close under these options. The closures result in the direct loss of five jobs and an increase in the county unemployment rate of less than 0.2%. We estimate national impacts to be a loss of 20 jobs (includes the five jobs lost from facility closure) and \$1.6 million in output (calculated with the Commerce Department, Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMS II) final demand multipliers for the miscellaneous livestock industry (industry code 1.0302).

The analysis also shows that, under Option 3, eleven flow-through facilities close as a result of the added costs. We do not expect any other types of facilities to close under this option. These closures result in the direct loss of 24 jobs and an increase in the county unemployment rate of up to 1 percent,

depending on the location. We estimate National level impacts to be a loss of 90 jobs and \$7.4 million in output.

EPA also conducted a facility level closure analysis using net income rather than cash flow (Table VI.B.2). The difference between the two is depreciation, a non-cash charge theoretically representing the capital “used up” during operation. Cash flow is calculated as net income plus depreciation (see Section V.C.3.b for comparison of cash flow and net income). We predict 84 of the 181 facilities to be baseline closures before incurring incremental pollution control cost, representing 46% of the population. We estimate 35% of facilities to be baseline closures under the discounted cash flow analysis. The results are the same for Option 1 for net income analysis: five facilities are still projected to fail. A single unweighted facility represents the five facilities that fail under Option 1. This facility uses cash basis accounting and does not record depreciation as a cost. That is, the earnings estimate is the same for the cash flow and net income versions of the closure analysis. Under Options A, B, and 2, we project ten facilities to close (as opposed to five closures projected using discounted cash flow) with an associated loss of 19 jobs. The increase in the number of projected failures using net income is due to a