

single unweighted facility failing the closure analysis. Under Option 3, we project that 15 facilities will close with an associated loss of 38 jobs. Using discounted cash flow analysis, we project that 11 facilities will close.

b. Financial Health Results. EPA uses the USDA farm financial health test (see Section V.C.3.b.i) that categorizes farms into four categories:

- Favorable (positive income and debt/asset ratio no more than 40 percent)
- Marginal income (negative income and debt/asset ratio no more than 40 percent)
- Marginal solvency (positive income and debt/asset ratio more than 40 percent)
- Vulnerable (negative income and debt/asset ratio more than 40 percent)

Two of the 45 companies did not supply complete balance sheet information in the detailed survey and were not analyzed using the farm financial health test. Under Options A, B, 1, and 2, one company shifts from marginal solvency to vulnerable. Baseline closures, based on the discounted cash flow and net income analyses, were not excluded from the financial health test. Under Option 3, a second company shifts from favorable to vulnerable under the cash flow analysis (Table VI.B.1). We conducted this analysis at the company level. Both companies that shift categories are small and produce between 100,000 and 475,000 lbs/yr. Financial health results under net income analysis (Table VI.B.2) are similar, except that two companies shift

from “marginal solvency” to “vulnerable” instead of the one company under cash flow analysis.

c. Credit Test Results. EPA examined whether commercial companies would be unable to get credit for expenses associated with compliance (see Section V.C.3.b.i above), assuming cash flow analysis. We did not use the credit test under net income analysis as noted in Table VI.B.2. All 45 companies provided the data needed for the credit test. One company/facility fails the credit test under Options A, B, 1, and 2. Under Option 3, a second company fails the credit test. We also conducted this analysis at the company level. Both companies that fail the credit test are small and produce between 100,000 and 475,000 lbs/yr.

d. Sales or Revenue Test Results. The sales or revenue test is calculated on a facility basis. This test corresponds to the sales test performed at proposal but is calculated on the basis of detailed survey information for the facility. Impact results under the sales test, using cash flow analysis, are the same as sales test results using net income analysis. For the 20,000 to 100,000 lb/year category, five facilities “fail” the one percent sales test (*i.e.*, compliance costs that exceed one percent of sales) under Option 1 (see Table VI.B.2). Fifteen facilities fail under Options A, B, and 2, and 25 facilities fail under Option 3. For the 3 percent sales test for this size group, ten facilities “fail” (*i.e.*, compliance costs that exceed 3 percent of sales) under Options A, B, 2 and 3. No facilities fail under Option 1. For the

100,000 to 475,000 lb/year category, 13 facilities fail the 1 percent test under Option A, 21 facilities fail test under Option 1, 23 facilities fail under Options B and 2, and 29 facilities fail under Option 3. For the 3 percent sales test for this size group, 5 facilities fail under Option A, 11 facilities fail under Options B, 1, and 2, and 16 fail under Option 3.

Due to differences in option requirements for the subcategories and differences in facility counts between the proposed rule and this NODA, it is difficult to compare sales test results in Table VI.B.1 with results in the proposed rule (67 FR 57906, Table IX.E.1). As a consequence, we present Table VI.B.3 to facilitate comparisons between proposal and NODA. The only test in both the proposal and NODA analyses is the 3 percent revenue test. Even this is not strictly comparable for non-commercial facilities because the denominator in the ratio changed from imputed revenues at proposal to operating budget for the NODA.

The threshold levels shown in Table VI.B.1 (*i.e.*, 1% and 3%) do not necessarily reflect the threshold levels that EPA will use to measure regulatory impacts for the final rule using a revenue test. For the Agency’s final regulatory analysis, EPA anticipates using the same revenue test thresholds that were used to evaluate impacts for the proposed rule: greater than 3 percent, greater than 5 percent, and greater than 10 percent. EPA solicits comment on these thresholds.

TABLE VI.B.3.—COMPARISON OF 3% REVENUE TEST, NODA AND PROPOSAL RESULTS

Size	Facilities regulated	Facilities incurring costs greater than 3% of revenue or budget
Proposal:		
Commercial	78	25
Non-Commercial	57	0
NODA:		
Commercial	71	11
Non-Commercial	169	30

Notes: To allow for closest comparison to results at proposal, NODA results in this table do not include costs or loads for facilities that produce 20,000 to 100,000 lbs/year. We assume Option 1 for flow-through facilities in the size category 100,000 to 475,000 lbs/yr and Option 3 for all other flow-through and recirculating facilities. Alaska non-profit facilities that we previously thought produce greater than 100,000 pounds actually produce less than 100,000 pounds annually. They are, therefore, not included in the Table.

e. Sensitivity Analysis for Commercial Impacts. EPA estimated ranges of impacts (DCN 20430) based on minimum, mean, and maximum values for operating and maintenance (O&M) costs for Options B, 1, 2, and 3 (see Section V.A.2 for cost estimates and estimation procedures), assuming earnings based on cash flow analysis. There are no differences in impacts for commercial facilities between the minimum and mean O&M costs. Under maximum O&M costs, we project that

another five facilities (weighted) will close under Options B, 2, and 3. Under the maximum O&M, weighted employment losses total 5 under Options A and 1, 22 under Options B and 2, and 40 under Option 3. There is no difference in the change in local unemployment rate among the minimum, mean, and maximum O&M costs.

EPA also examined other technology options, using activated carbon, for removing drugs. As part of sensitivity