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To: Lorraine D. Hunt OIRA ECON GUIDE/OMB/EOP@EOP, Lorraine D. Hunt OIRA BC RPT/OMB/EOP@EOP
cc:
Subject: COMMENTS ON DRAFT REPORT TO CONGRESS & GUIDELINES FOR REGULATORY ANALYSIS

Dear Sirs:

WESTINGHOUSE SAVANNAH RIVER COMPANY LLC (WSRC) appreciates the opportunity provided by OMB to comment on the draft guidelines. WSRC is not in a position to discuss methods of estimating economic costs; however, we feel it is important to share some of our concerns about the costs of complying with Clean Water Act regulations.

Table 3 of the draft Report to Congress on the Costs and Benefits of Federal Regulations provides a range of estimates for both the benefits and costs associated with meeting EPA Office of Water regulations. It should be noted that the range for benefits is extremely wide (891 million to 8,103 million). Clearly, this is an indication that the information needed to make a valid estimate is unavailable. It is very possible that the actual costs of compliance are on the high end and the benefits on the low end. If the high and low values are extracted from Table 3, the cost of compliance outweighs the benefits by a 3:1 ratio.

WSRC has experienced two examples recently which help to illustrate why the costs likely outweigh the benefits. In our first example, a treatment wetlands had to be constructed to treat copper to extremely low levels in one discharge at our contract operating site in South Carolina. The price tag for the wetlands was five million dollars. The environmental gain was negligible because the discharge was so clean before the wetlands was constructed that there was no apparent environmental harm. It was built simply because the regulations required it. In addition, several acres of terrestrial habitat had to be destroyed to build the wetlands.

In the second example, region four of the US-EPA proposed a mercury Total Maximum Daily Load (TMDL) for the Savannah River in Georgia. If it had not been vehemently challenged by stakeholders and eventually withdrawn, it would have cost our facility in South Carolina as much as 500 million dollars to comply. Other industries and municipalities would likely have incurred very high compliance costs as well. Again, questionable regulations drove EPA-4 to propose the TMDL.

WSRC recognizes that the examples above do not do much to help OMB with the process of estimating costs. But we hope that they help OMB to determine that costs incurred from regulations promulgated by EPA's Office of Water may often outweigh the benefits. Please feel free to contact me at the location provided below if you would like to discuss this information further.

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