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August 11, 2004

The Honorable James M. Inhofe
Chairman
The Honorable James M. Jeffords
Ranking Minority Member
Committee on Environment and Public Works
United States Senate

The Honorable W.J. "Billy" Tauzin
Chairman
The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: National Emission Standards for Hazardous Air Pollutants: Plywood and Composite Wood Products; Effluent Limitations Guidelines and Standards for the Timber Products Point Source Category; List of Hazardous Air Pollutants, Lesser Quantity Designations, Source Category List*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA), entitled "National Emission Standards for Hazardous Air Pollutants: Plywood and Composite Wood Products; Effluent Limitations Guidelines and Standards for the Timber Products Point Source Category; List of Hazardous Air Pollutants, Lesser Quantity Designations, Source Category List" (RIN: 2060-AG52). We received the rule on March 17, 2004. It was published in the Federal Register as a final rule on July 30, 2004. 69 Fed. Reg. 45944.

The final rule promulgates national emission standards for hazardous air pollutants for the plywood and composite wood products source category under the Clean Air Act and revisions to the effluent limitations, guidelines, and standards for the timber products processing source category under the Clean Water Act.

Enclosed is our assessment of EPA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that EPA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Robert Robinson, Managing Director, Natural Resources and Environment. Mr. Robinson can be reached at (202) 512-3841.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Stephanie Daigle
Deputy Associate Administrator
Environmental Protection Agency

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
"NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS:
PLYWOOD AND COMPOSITE WOOD PRODUCTS; EFFLUENT LIMITATIONS
GUIDELINES AND STANDARDS FOR THE TIMBER PRODUCTS POINT SOURCE
CATEGORY; LIST OF HAZARDOUS AIR POLLUTANTS, LESSER QUANTITY
DESIGNATIONS, SOURCE CATEGORY LIST"
(RIN: 2060-AG52)

(i) Cost-benefit analysis

EPA performed a cost-benefit analysis of the final rule and found that estimated total capital costs could range from \$471 million to \$240 million and annualized costs could range from \$140 million to \$74 million.

EPA also estimates that 3 years after implementation of the final rule, hazardous air pollutants would be reduced by 11,000 tons per year. There would also be reductions of 11,000 tons per year of carbon monoxide, approximately 13,000 tons per year of particulate matter and approximately 27,000 tons per year of volatile organic compounds.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

EPA has determined that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule contains a mandate on the private sector, as defined in title II, of more than \$100 million in any one year. Therefore, EPA has prepared the statement required by section 202 of the Act and the statement is summarized in the preamble to the final rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

Instead of the notice and comment procedures in the Administrative Procedure Act, EPA promulgated the rule using the procedures, which have similar notice and

comment requirements, contained in section 307(d) of the Clean Air Act, as amended. 42 U.S.C. 7607(d). The use of these procedures regarding this rule is mandated by section 307(d)(1)(c) of the Act. 42 U.S.C. 7607(d)(1)(c).

On January 9, 2003, EPA published a Notice of Proposed Rulemaking in the Federal Register. 68 Fed. Reg. 1276. In response, EPA received 57 comments that are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. EPA has submitted the required information to OMB and requested public comments on the collection. EPA estimates the annual burden (averaged over the first 3 years) to be 4,692 labor hours at a total annual cost of \$250,528. In addition, facilities wishing to implement emissions averaging provisions or request a routine control device maintenance exemption will result in additional annual burden of \$122,040 with operation and maintenance costs of \$5,178.

Statutory authorization for the rule

The final rule is promulgated under the authority contained in the Clean Air Act (42 U.S.C. 7401) and sections 301, 304(b), (c), (e), and (g), 306(b) and (c), 307(a), (b), and (c), and 501 of the Clean Water Act (33 U.S.C. 1911, 1314(b), (c), (e), and (g), 1316 (b) and (c), 1917 (b) and (c), and 1961).

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.

Executive Order No. 13132 (Federalism)

EPA has determined that the final rule does not have sufficient federalism implications to warrant the preparation of a federalism impact statement.