

• NSPS-B/D#1 is the technology basis for new B/D facilities that are direct dischargers (this option is identical to BAT-B/D#3).

• PSES-A/C#1 is the technology basis for A/C facilities that are indirect dischargers.

• PSES-B/D#1 is the technology basis for B/D facilities that are indirect dischargers.

• PSNS-A/C#1 is the technology basis for new A/C facilities that are indirect dischargers (this option is identical to PSES-A/C#2).

• PSNS-B/D#1 is the technology basis for new B/D facilities that are indirect dischargers (this option is identical to PSES-B/D#2).

B. Economic Impact Considerations

1. Introduction

EPA's economic impact assessment is documented in the report titled "Economic Impact Analysis of Proposed Effluent Limitations Guidelines and Standards for the Pharmaceutical Manufacturing Industry" (hereinafter

EIA). This report estimates the economic effect of compliance with the proposed regulation in terms of annualized costs, facility closures, changes in rate of return on assets and the interest coverage ratio at the company level, and profit losses at the company level. In addition, impacts on affected communities, foreign trade, specific demographic groups, and new sources also are considered. Finally, a Regulatory Flexibility Analysis detailing the impacts on small businesses within the pharmaceutical industry is included in the EIA. The methodologies for these analyses are detailed in the EIA. The major source of information for this EIA is the 1990 Detailed Questionnaire, which was conducted under the authority of Section 308 of the Clean Water Act.

2. Projected Facility Economic Impacts

The annual costs of regulatory compliance may have a negative effect on facility earnings. Facility closures are identified when the salvage value (i.e., liquidation value) of the facility exceeds

the present value of its future earnings. A post-compliance facility closure analysis was performed for all technology options.

a. Annual Costs. The aggregate post-tax annualized costs for all the regulatory options are given in Tables XI.B.2-1 through XI.B.2-3. The annualized costs for the selected options for this proposed rulemaking are shown in Table XI.B.2-4. The aggregate post-tax annualized costs were estimated at \$30.6 million (1994 \$) for facilities with subcategory A and C operations to implement BAT Option 2 (BAT-A/C#2), \$0.8 million (1994 \$) for facilities with subcategory B and D operations to implement BAT Option 1 (BAT-B/D#1), \$39.5 million (1994 \$) for facilities with subcategory A and C operations to implement PSES Option 1 (PSES-A/C#1), and \$9.1 million (1994 \$) for facilities with subcategory B and D operations to implement PSES Option 1 (PSES-B/D#1), for a total of \$80.0 million (1994 \$) for the selected options.⁴

TABLE XI.B.2-1.—ESTIMATED COMPLIANCE COSTS FOR A/C DIRECT DISCHARGERS

(Millions of 1994 dollars)

Option No.	Total capital costs	Total O&M costs	Total post-tax annualized costs	Average annual cost per facility ¹
BPT Option Costs				
BPT-A/C#1	0	0	0	0
BPT-A/C#2	16.9	8.1	6.5	0.3
BPT-A/C#3	25.0	8.6	7.7	0.3
BPT-A/C#4	42.8	24.9	19.0	0.8
BPT-A/C#5	50.5	26.8	21.0	0.9
BCT Option Costs				
BCT-A/C#1	19.3	3.4	4.1	0.17
BCT-A/C#2	37.1	18.9	15.0	0.62
BCT-A/C#3	44.8	21.8	17.5	0.73
BAT Option Costs				
BAT-A/C#1	17.2	9.8	7.5	0.3
BAT-A/C#2	64.5	40.8	30.6	1.3
BAT-A/C#3	77.8	66.3	46.8	1.9
BAT-A/C#4	106.1	130.6	87.0	3.6

Footnotes:

¹ Total Post-Tax Annualized Costs divided by the total number of A/C direct discharge facilities.

b. Post-compliance Facility Closures. The selected options result in no closures of any facilities. When the most stringent options are considered, one

direct discharging facility with subcategory A and C operations is predicted to close under BAT-A/C#4, and one indirect discharging facility

with subcategory B and D operations is predicted to close under PSES-B/D#3. No other options were determined to result in any other facility closures.

⁴ The Development Document presents costs in 1990 dollars. These costs are inflated to 1994 dollars in this preamble using a factor of 1.143 derived from *Engineering News Record* "Construction Cost Index."