

a number of different forums. For example, EPA staff involved in development of today's proposed rule invited comments on earlier drafts of the proposed rulemaking, forms, and instructions from States and local governments both directly and through organizations such as the Association of Metropolitan Sewerage Agencies (AMSA), the Water Environment Federation (WEF), and the California Association of Sanitation Agencies (CASA). In response to these efforts, the Agency was able to communicate directly, including through meetings and telephone communications, with representatives of a number of interested State and local representatives, including representatives of more than twenty-five local governments. Cities represented in a telephone conference arranged through WEF included Price (UT), Owosso (MI), Saginaw (MI), Rockwood (MI), Grand Rapids (MI), Roseburg (OR), Central Marin San. Dist. (CA), Little Rock (AR), Dallas (TX), Northeast Ohio Regional Sewer Dist. (OH). Cities represented in a meeting with AMSA representatives included Detroit (MI), Boise (ID), City of Los Angeles (CA), Phoenix (AZ), Passaic Valley (NJ), Middleton (NJ), Hampton Roads (VA), Orange County (CA), Anchorage (AK), and Alexandria (VA). Other discussions were held individually with representatives of local governments. The Agency received written comments from AMSA, several cities, and a number of States. In the comments received from States, a number of issues were raised concerning possible impacts on local governments. EPA invited, but did not receive, written comments from the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) and the National League of Cities.

Once the proposed rule is finalized, the Agency intends to provide information through a variety of sources, and to educate and advise local governments concerning compliance with the proposed requirements. In the Communication Plan prepared for this proposal, the Agency has outlined which organizations EPA will contact directly concerning the proposal. The same parties will also be contacted directly regarding the final rulemaking. The communication plan is available in the record supporting this proposal. The Agency seeks to assist, educate, and advise applicants on how to comply with the permit application requirements primarily through the instructions to the proposed forms, and seeks comment as to how the

instructions could be improved. Additionally, the Agency intends to provide training for permit writers, so that they can assist, educate, and advise applicants on an as-needed basis when completing their applications.

VIII. Regulatory Flexibility Act

The Regulatory Flexibility Act (Pub. L. 96-354) requires Federal agencies to consider the effect of proposed rules on small entities. Agencies must consider alternatives to proposed rules that would minimize the economic impact on small entities so long as these alternatives are consistent with the stated objective of the statute under which such rules are developed. However, the requirements of the Regulatory Flexibility Act do not alter standards otherwise applicable to agency action. For example, section 405 of the CWA requires EPA to promulgate regulations that are adequate to protect public health or the environment against reasonably anticipated adverse effects.

In developing these proposed regulations, EPA considered the effects of the proposed regulations on small entities. The regulatory flexibility analysis (RFA) conducted for this proposed rule meets the requirements specified in the "Guidelines for Implementing the Regulatory Flexibility Act" (U.S. EPA, Office of Regulatory Management and Evaluation and Office of Policy, Planning, and Evaluation, April 1992).

Most of the applicants that would be required to complete the municipal and sludge application forms, if finalized, are small entities. For the purposes of the RFA, EPA employs the definition of small government entities that was originally advanced in a related rulemaking. See U.S. EPA, "Regulatory Impact Analysis of the Part 503 Sewage Sludge Regulation," November 25, 1992, for a complete discussion of the development of this definition. For the purposes of this rule, the term "small government entities" is considered to mean small POTWs. Small POTWs are defined as POTWs processing less than 1 million gallons per day (mgd) of wastewater. POTWs of this size generally serve a population of 10,000 people or less. This definition is consistent with the designation of major and minor POTWs under the NPDES program.

The estimate of the number of small POTWs subject to both sets of proposed application requirements is based on the number of minor POTWs. Also, for the purposes of the RFA, the Agency conservatively assumed that all "sludge-only" POTWs are small entities.

Generally, treatment facilities serving large populations (greater than 10,000) generate effluent of sufficient volume that it must be discharged to waters of the U.S., and thus require an NPDES permit. The Agency also assumed for purposes of the RFA that all privately owned treatment facilities are small entities. Overall, EPA estimates that nearly 70 percent of municipal applicants and 74 percent of sludge applicants are small entities.

EPA considered a range of regulatory options for the proposed forms. In this proposal, the Agency has developed a two-tier approach for municipal applicants and a two-tier approach for sludge applicants. Applicants are categorized according to size and whether or not they are required to have a pretreatment program. Under each regulatory option considered, less stringent standards are required for smaller facilities that are less likely to pollute and have a lower capacity to absorb large monitoring costs.

The costs of complying with the proposed application requirements would consist entirely of paperwork and testing costs associated with completing the forms and collecting the required information. Therefore, the costs for these activities estimated in the ICR for this proposed rule are used in the RFA. The five-year compliance cost estimates for POTWs applying for NPDES permits (i.e., for both sets of application requirements) range from \$681 to \$3,627 for small POTWs under the four regulatory options under consideration for the municipal permit application and the three regulatory options under consideration for the sludge application requirements. The five-year compliance cost estimates for the various options under this proposed rule range from approximately \$507 to \$2,849 for small privately owned treatment works. These costs would represent between 0.06 and 0.31 percent of the average annual revenues of small POTWs and small privately owned treatment works. As a percent of average household expenditures on sewage treatment, these figures would range between 0.10 and 0.54 percent for small POTWs and small privately owned treatment works. The five-year compliance costs for sludge-only facilities (i.e., paperwork costs associated with the proposed sludge application requirements) range from \$375 to \$2,809 under the three regulatory options under consideration for small POTWs and from \$299 to \$2,849 for privately owned treatment works. These costs would represent well below 0.5 percent of both the average annual revenues for small treatment works (public and private) and of the