

*This submission contains no confidential business information.*

**BEFORE  
THE OFFICE OF THE ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, DC**

<b>COMMENTS ON THE EFFLUENT LIMITATIONS GUIDELINES FOR THE METAL PRODUCTS AND MACHINERY (MP&amp;M) POINT SOURCE CATEGORY</b>	<b>DOCKET No. W-99-23</b>
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**COMMENTS  
ON BEHALF OF**

Janet Kopenhaver  
Director of Government Affairs

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**COMMENTS  
ON BEHALF OF  
THE AMERICAN WIRE PRODUCERS ASSOCIATION**

**I. Introduction and Background**

These comments are submitted on behalf of the American Wire Producers Association ("AWPA" or "Association") in response to the notice from the United States Environmental Protection Agency ("EPA") concerning the agency's proposed Effluent Limitations Guidelines for the Metal Products and Machinery (MP&M) Point Source Category.

The AWPA represents the segment of the domestic steel industry that produces wire and wire products. The members of the Association operate more than 106 independent wire plants in 38 states, and employ more than 20,000 American workers. They draw wire rod to produce a wide range of steel products, including wire, cable, rope, fencing and netting, nails, staples, garment hangers, and chains. AWPA members supply between 85% and 90% of the total domestic demand for wire and wire products.

These comments address various questions in the proposal as they pertain to the wire industry and the Steel Forming and Finishing Category.

## **II. Staying in Iron and Steel Point Source Category**

AWPA remains steadfast in our opinion that wire producers should continue to be regulated under the Iron and Steel Point Source Category. Our reasons are outlined below.

### **A. PROCESSING OPERATIONS**

The manufacturing processes used at wire mills are virtually the same as those employed at steel mills. AWPA member companies generate a majority of their process wastewater from: acid pickling operations and associated rinse steps; hot coating; direct contact cooling water associated with heat treating operations; and blow down from wet air pollution control equipment. These very same operations are also used in various sectors of the iron and steel industry.

**Therefore, AWPA firmly disagrees with the EPA assertion that the wastewater characteristics and flows are not like those “associated with the large, continuous flat-rolled products and the hot-forming operations at steel manufacturing facilities.”<sup>1</sup>**

We assert that wire companies should not be removed from the Iron and Steel Point Source Category simply because they also produce finished products.<sup>2</sup> After all, to make these finished products, all wire companies must process steel.

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<sup>1</sup> Development Document for the Proposed Effluent Limitations Guidelines and Standards for the Metal Products & Machinery Point Source Category, p. 3.24.

<sup>2</sup> Development Document, p. 6-7.

Further, the size of manufacturing facilities should not be a factor for determining in which category industries should be placed. Discharge levels should be based on the type of manufacturing processes employed at these facilities. Integrated steel mills and wire mills employ the same manufacturing practices (acid pickling, as well as various hot dip, conversion, and electroplated coatings) and should be regulated under the same set of Effluent Limitations Guidelines.

#### **B. DIFFERENT STANDARDS FOR COMPETITORS**

AWPA has stated repeatedly that stand-alone wire companies, which are primarily small businesses, compete against larger integrated mini-mills. Integrated mini-mills not only manufacture and sell wire rod to wire companies, but many of them also produce and sell wire and wire products which directly compete with their customers. Yet, these mini-mills would continue to be regulated under the Iron and Steel Point Source Category, and be subject to very different discharge levels. This puts the smaller, stand-alone wire companies at a further competitive disadvantage by having to expend additional resources to meet the stricter standards proposed for the MP&M category.

This, coupled with increasing levels of wire imports (see section covering "Compliance Costs"), will have a devastating effect on the successful operations of an important segment of the small business community.

The proposed guidelines for the Iron and Steel Point Source Category state that EPA "did not propose to revise the standards for existing indirect dischargers, but instead transferred them unchanged from the 1982 regulation." This was due to an EPA conclusion that the technology has not changed significantly over the last 18 years. At the same time, these **same** manufacturing

processes for stand-alone wire companies have had their discharge levels drastically lowered under the MP&M proposal. US small businesses should not be regulated differently for the same processes, and therefore put at a competitive disadvantage vis-à-vis their larger suppliers/competitors.

**C. INDUSTRY IDENTIFICATION**

The AWPA has made great strides in educating Congress and government agencies about our place in the steel industry. Without question, manufacturers of wire and wire products are an important part of a diverse steel industry. All steel companies, regardless of their size and the end products they manufacture, have similar processes and many issues of common concern. The integrated steel industry is affected in the same manner by the same environmental and regulatory issues as our wire mills. As in trade matters, domestic wire companies must be included in any and all regulations concerning the steel industry in order to protect the continued existence of stand-alone wire manufacturers.

We reiterate that wire companies are in fact steel facilities using the same treatment processes as their upstream competitors. They are steel manufacturers and should not be segregated from the rest of the US steel industry with regard to environmental regulations. Stand-alone wire facilities should not be subjected to higher compliance costs that would place them at a competitive disadvantage with mini-mills that not only compete with wire mills, but also have control of their raw material.

### **III. Technical Issues**

#### **A. FUME SCRUBBER**

The Proposed Rule as written does not include a discharge allowance for fume scrubbers. These process units are common in the wire industry, and recently enacted air regulations will act to increase the frequency of their use in the wire industry. The blow-down water from fume scrubbers represents a source of regulated parameters to a facility's wastewater stream. Thus, the loss of these allowances in determining discharge limits as proposed in the MP&M ELG could result in increased capital spending to upgrade treatment systems.

#### **B. FLOW CUTOFF**

The AWPA is requesting that EPA enact a 2 million gallon per year flow cut-off for the Steel Forming & Finishing Subcategory.<sup>3</sup> Although this cutoff will not affect a significant number of wire mills, it will provide assistance to the smaller mills included in the Steel Forming and Finishing Subcategory.

#### **C. BAT LIMITS**

The AWPA would like to point out that the EPA has recently re-evaluated the Iron & Steel ELG, and found that the state of the art of wastewater treatment has not changed significantly since the initial promulgation of the Iron & Steel Industry ELG. The limits included for acid pickling and hot dip coating processes for the facilities covered under this ELG have therefore not been altered. The AWPA believes that its wastewater streams and treatment processes are materially identical to this industry in all ways except in the volume treated through its members wastewater treatment facilities. To this end, the AWPA respectfully requests discharge limits mirroring those in the Iron & Steel ELG.

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<sup>3</sup> Proposed rule, XXIII, Solicitation of Data and Comments, question #37

The AWPA strongly objects to the limits proposed for the Steel Forming and Finishing Subcategory. These limits were developed **without** sampling data being collected from a single wire manufacturing facility. These numbers are based on aggregate numbers from the General Metals Subcategory without any consideration of the differences in manufacturing processes or differences in the steel products being processed. The AWPA believes that if EPA is going to “cross pollinate” sampling data from categories outside of the Steel Forming and Finishing Subcategory, then they should consider using wastewater data collected as a part of the recent Iron & Steel ELG re-evaluation. The AWPA proposes this because it believes the pickling, hot coating, and electroplating operations conducted at facilities regulated under the Iron & Steel ELG are more representative than the processing operations conducted at facilities included under the General Metals Subcategory of the MP&M ELG.

Overall, the AWPA membership feels that the base concentrations used to determine the production-based limits for the Steel Forming and Finishing Subcategory **cannot** be met via the proposed BAT treatment technology. The concentrations used in the development of the proposed production-based limits are consistently near or below the minimum practical discharge concentrations reported in standard wastewater treatment references for lime and chemical precipitation technologies.<sup>4</sup> It is the belief of the AWPA that the lead and zinc discharge standards proposed under the Steel Forming and Finishing Subcategory of the MP&M ELG would, in reality, require the implementation of membrane based wastewater treatment technologies, and would not be achievable using lime and chemical precipitation.

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<sup>4</sup> Toxicity Reductions in Industrial Effluents, Eckenfelder et al and Handbook of Public Water Supply

**D. HOT DIP COATING**

The Hot Dip Coating discharge allowance is based on a Production Normalized Flow of 145 gallons/ton. However, the definition in the proposed rule includes all of the cleaning steps and their associated rinses. If the allowance is intended to include all of the associated cleaning and rinse steps, then the Production Normalized Flow should be increased. The AWPA wishes to point out that the Production Normalized Flow for Acid Pickling and Alkaline cleaning (common cleaning steps in the hot dip coating process) are each 500 gallon/ton. The current Iron & Steel ELG and the new proposed rule both use 1,100 gallons/ton for the Production Normalized Flow for hot dip coating.

**E. INDUSTRIAL DEFINITIONS**

The AWPA requests that the definitions covering our industry be as similar to the definitions in the Iron and Steel ELG as possible. It is the opinion of the AWPA that these definitions are accurate representations for the Steel Forming and Finishing Subcategory.

**F. SULFIDE EXEMPTION**

The AWPA is requesting that sulfide not be included as a regulated parameter under the Steel Forming and Finishing Subcategory.<sup>5</sup> In general, only the facilities with copper sulfate in their conversion coating processes discharge sulfates. Therefore, the Association asserts that this parameter does not need to be included in the categorical limits. Instead, this parameter should be included if the local treatment authority believes there is a potential for sulfide generation in the sewer system

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<sup>5</sup> Proposed rule, XXIII, Solicitation of Data and Comments, question #5

#### **G. WAIVER PROPOSAL**

The AWPA objects to the long list of metals proposed for regulation. Although EPA has proposed monitoring waiver for pollutants not present,<sup>6</sup> our members are concerned that in the current economic climate that the additional analytical testing required to satisfy the waiver requirements will represent yet another unnecessary burden. The AWPA requests that the list of metals to be regulated be reduced or based on processes at the facilities. The AWPA further requests that the list of regulated metals mirror the list proposed in the Iron & Steel ELG.

#### **H. CALCULATING PRODUCTION RATES**

The AWPA is requesting that EPA provide specific guidance on the methods to calculate pounds of product processed. One method employed by some of our members is to use the pounds produced during the actual monitoring event. Another means would be to use the average production for that month.

#### **IV. Compliance Costs:**

AWPA believes that EPA's estimated compliance costs for indirect dischargers of \$24 million<sup>7</sup> is far too low. As written, this rule would require many companies to invest in new equipment, such as membrane units, filtration equipment, pH control systems, and water treatment systems. Using very conservative numbers, the prices for this equipment alone (not including labor costs) vary from \$400,000 to \$600,000. Even if only half the wire manufacturing facilities in the US (a low estimate) are forced to invest in new equipment, compliance costs for this industry would be over \$25 million.

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<sup>6</sup> Proposed rule, XXIII, Solicitation of Data and Comments, question #3

<sup>7</sup> Development Document, p. 14-40.

As an example, one of the AWPA member companies rebuilt their wastewater system one year ago. It cost \$500,000 to take down the current system, and almost \$400,000 to set up the new one – almost a \$1 million expense, not counting lost production time, labor costs, and training time.

AWPA disagrees with EPA's statement that no incremental "monitoring costs would be incurred above a site's current baseline monitoring."<sup>8</sup> Conversely, wire companies will have to test for many more contaminants than they currently do if this rule is implemented. Testing for Total Organic Carbon (TOC) alone would cost \$700 each time. Considering all the other additional tests required, compliance costs for just this aspect of the rule will add almost \$1,200 in company expenses. For the 100+ wire manufacturing facilities, this translates into a \$120,000 expense for just the wire industry.

EPA based the annualized costs on a life of 15 years. According to the AWPA members, a lifespan of 10 years is consistent with the experience of the industry. This lifespan would more accurately predict the durability of mixers, pumps, and chemical feed systems associated with the conveyance and treatment of the process wastewaters.

Linked with the problem of low compliance costs estimates, wire producers (the majority of which are small businesses) would be adversely affected by this rule's effect on the balance of trade with overseas competitors. Being primarily small businesses, a seven-figure increase in annual expenses (costs that cannot be passed on to consumers due to overseas competition) could prove devastating, and potentially lead to plant closures. The situation is made even more dire considering that overseas producers would not be suffering

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<sup>8</sup> Development Document, p. 11-12.

from the same types of expense increases, and could therefore offer finished products at lower prices.

This would make an already bad situation unbearable. For instance, total imports of carbon and alloy steel wire and wire products have increased by 49.85% since 1996 (from 1,713,976 net tons to 2,568,326 in 2000).<sup>9</sup> This industry cannot withstand double-digit import increases for much longer.

One last point concerns the possibility of even more import restrictions on raw materials, such as rod, being initiated by the Bush Administration. With such a program in place, domestic wire producers would be doubly hit: 1) in their ability to source enough raw materials at reasonable prices; and 2) through foreign suppliers switching what they export to the US from rod to value-added wire and wire products. Added to the current economic slowdown adversely impacting customer orders, we believe that the estimate of only six facilities closing as a result of this rule is way too low.

**Therefore, AWPA completely disagrees with EPA assumption that there would be no impact on the balance of trade in finished steel products.<sup>10</sup> EPA economists need to consider the overall economic picture of the wire industry to accurately estimate the full impact of this rule.**

Another aspect of this argument is the fact that in order to install the new equipment needed to comply with this proposal, most wire facilities would have to shut down operations. There is simply not enough space to keep two systems running.<sup>11</sup> Down time could be in terms of weeks.

## **V. Sampling Data:**

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<sup>9</sup> AIS Imports 3 (1996-2000).

<sup>10</sup> MP&M EEBA Part II: Costs and Economic Impacts, p. 8-2.

<sup>11</sup> Proposed rule, XXIII, Solicitation of Data and Comments, question #20

EPA requested in their proposal that some wire and wire product facilities agree to have agency officials sample their influent and effluent wastewater.<sup>12</sup> Four facilities have agreed to do so. AWPA requests the opportunity to submit additional comments after the sampling has been completed and analyzed.

Thank you in advance for your consideration of these comments.

Respectfully submitted,

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Janet Kopenhaver  
Director of Government Affairs

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<sup>12</sup> Proposed rule, XXIII, Solicitation of Data and Comments, question #1

June 15, 2001

Mr. Michael Ebner  
Office of Water, Engineering and Analysis Division (4303)  
US Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Dear Mr. Ebner,

Enclosed you will find four copies of our comments drafted in response to the proposed Effluent Limitations Guidelines for the Metal Products and Machinery Point Source Category (Docket No. W-99-23).

If you have any questions at all about this submission, do not hesitate to contact me at 703-528-7822.

Sincerely,

Janet Kopenhaver  
Director of Government Affairs

Attachments