We hope the proposal and this supplemental information provides you with sufficient information to make a favorable decision regarding AT&T-ME's Project XL proposal. If you have any questions, or need any further information, please do not hesitate to call me, Ted Polakowski (908-771-2554) or Debra Hennelly at (908-204-8503).

Sincerely,

Christopher Bell

cc: Maryann Froehlich
Stephen Harper
James Horne
Mary McKiel

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U.S. EPA Project XL
Supplement to AT&T Microelectronics' July 21, 1995 Proposal
August 9, 1995

I. Introduction

AT&T's Microelectronics business unit ("AT&T-ME"), is pleased to submit this supplement to its July 21 proposal to participate in EPA's Project XL pursuant to the Agency's solicitation published in the Federal Register. 60 Fed. Reg. 27282 (May 23, 1995). This supplement provides additional information regarding AT&T-ME's proposal to link improved environmental performance and regulatory flexibility to third-party certification to the environmental management systems standard developed by the International Organization for Standardization: ISO 14001. AT&T-ME strongly believes that its initial submission demonstrated that its proposal met the Project XL criteria set forth by EPA. AT&T-ME will not repeat the points made in its proposal, a copy of which is attached to this supplement, and will concentrate on providing more detailed information on ISO 14001 and its potential use in the regulatory context and Project XL.

II. ISO 14001

A. ISO and Systems Standards

ISO was founded in 1946 to promote international standards facilitating the exchange of goods and services. Over 100 countries belong to ISO, with the United States represented by the American National Standards Institute ("ANSI"). ISO standards are developed on a consensus basis by international experts in the particular subject areas that the standards cover. While ISO standards are voluntary, they are sometimes made mandatory by member countries, or become mandatory as a practical matter by becoming commercial standards.

In the late 1980s, ISO, responding to interest in the development of global standards for quality control systems used in commercial and industrial settings, promulgated the ISO 9000 series of standards on Quality Management and Assurance that describe the elements necessary to establish or maintain quality management systems. ISO also released ISO 10011, which establishes basic auditing principles as well as general guidelines for establishing, planning, implementing and documenting audits of quality systems. The ISO 9000 standards require companies to establish comprehensive and documented quality control systems, from top management support, through quality control procedures, to

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applicable legal requirements. Just as modern managers had come to understand that product quality could be achieved only if quality objectives and systems were fully integrated into all aspects of a company's operations, there was a growing consensus that environmental protection and compliance could be best achieved if environmental factors were integrated into industrial operations in a systematic way, from design, to raw materials selection, to manufacture, to the ultimate disposition of the product.

In 1993, ISO formed Technical Committee 207 in 1993, directing it to establish environmental standards in five areas: (1) management systems, (2) audits, (3) labeling, (4) environmental performance evaluation, and (5) life cycle assessment. TC 207 held its first plenary meeting in Toronto in June, 1993, attended by over two hundred delegates from over thirty countries and organizations. The most recent plenary was held in the summer of 1995 in Oslo, attended by over 400 delegates from more than 50 countries and numerous non-governmental organizations.

ANSI, which holds the U.S. vote in TC 207, has formed a Technical Advisory Group ("TAG"), or delegation, to participate in TC 207. Participation in the U.S. TAG is voluntary and open, and the TAG operates on a consensus basis. There are several hundred members in the U.S. TAG to TC 207. The U.S. EPA has played a very active role in the development of the positions of the U.S. TAG, particularly on the EMS standard.

C. The ISO 14001 Environmental Management Systems Standard

ISO recently completed the Draft International Standard ("DIS") ISO 14001 standard on environmental management systems. This standard will almost certainly be published with few changes in 1996 as a final ISO standard, and should become the U.S. national EMS standard by mid-1996. ISO 14001 is the core of the ISO 14000 series of standards because it is the only standard for which third-party registration is intended to be available. The balance of the ISO 14000 standards will be guidance documents.

The product of three years of hard work by environmental experts from around the world, ISO 14001 is destined to become the dominant EMS standard domestically and world-wide. The development of ISO 14001 has led to the creation of an internationally accepted vocabulary about EMS. Many major companies in the U.S., Japan, Europe, Canada, South America and Asia have already announced that they will be reviewing their EMS against the ISO 14001 criteria. Just as with ISO 9000, it is expected that third party certification to ISO 14001 may become a condition of doing business in many key industrial sectors. In Austria, for example, the Austrian national standards body has already adopted

the draft ISO 14001 document as the national Austrian EMS standard, and over a dozen facilities in Austria have already obtained third-party registration to the standard.

ISO 14001 is a comprehensive systems standard that calls for organizations to conduct their environmental affairs within a structured management system and be integrated with overall management activity. This is distinguished from auditing programs, which while they may provide a useful verification function, cannot by themselves provide an organization with the assurance that environmental obligations will be met on an ongoing basis.

Organizations such as AT&T-ME which intend to conform to ISO 14001 will have to implement an EMS that includes the following core elements:

- **Senior management level environmental policy**

  This policy must include commitments to compliance, pollution prevention and continual improvement, be the framework for setting and reviewing objectives and targets, must be documented, implemented and communicated to all employees, and be made available to the public.

- **Significant environmental impacts**

  Organizations must review those aspects of their operations, products and services that are related to the environment in order to identify their significant environmental impacts.

- **Legal and other requirements**

  Organizations must identify their legal obligations and any other obligations to which they voluntarily subscribe (e.g., 33/50, Responsible Care)

- **Objectives and Targets**

  Organizations must maintain documented and quantifiable environmental targets and objectives that are set taking into account the organizations' legal obligations, significant environmental impacts, the commitment to pollution prevention and the views of interested parties.

Environmental Management Program

Organizations must establish a program for achieving their objectives and targets, including designating responsibility for achieving the objectives and targets and the time frame within which they will be met. The program must be revised where necessary to incorporate new activities or products.

Structure and Responsibility

Management must provide adequate resources to implement and control the EMS. Further, roles and responsibilities within the EMS must be defined and documented, including the role of reporting on the performance of the EMS to top management.

Operational Control

Organizations must establish documented procedures to control operations and activities associated with the identified significant environmental impacts. These procedures, which include maintenance and must stipulate operating criteria, must cover situations where their absence could lead to deviations from the organizations' policy or objectives and targets.

Emergency Preparedness and Response

Organizations must have procedures for identifying and responding to accidents and emergencies. These procedures must be periodically reviewed, particularly after incidents, to determine if they need to be revised.

Training

Organizations must establish training procedures to train their employees regarding the importance of conforming with the EMS, the significant environmental impacts (actual or potential) associated with their work activities, their roles and responsibilities within the EMS, and the potential consequences of the failure to follow operating procedures.

- **Communication**

  Procedures for internal communication must be established, as well as for receiving, responding to and documenting relevant communications from interested parties. Relevant environmental procedures and requirements should also be communicated to suppliers and contractors.

- **Monitoring, Measurement, Auditing and Corrective Action**

  Organizations must have procedures for regularly monitoring and measuring the key characteristics of its operations that can have a significant impact on the environment. This must include tracking performance against objectives and targets and evaluating compliance with the law. Regular and comprehensive audits of the EMS itself must also be conducted. Corrective action procedures, including defining responsibility and authority for handling and investigating non-conformance and initiating corrective and preventive action, must also be established. Any changes to procedures resulting from corrective action must be documented.

- **Management Review**

  Top management must periodically review the EMS to ensure its continuing adequacy and effectiveness. This review, based on all of the information collected by the EMS, must consider changes to the policy, objectives and elements of the EMS.

- **Documentation and Record Keeping**

  The EMS must be well-documented. A document control system must be maintained to ensure that documents are accessible, kept current and periodically reviewed. These procedures must also cover environmental records, such as training records and audit results.

This brief summary demonstrates the comprehensive, systematic and practical nature of ISO 14001. It requires the full commitment of all of an organization's employees, from senior management down to floor-level personnel, to complying with the law, preventing pollution, and meeting quantifiable objectives and targets. This commitment cannot be met merely by establishing a general policy commanding employees to obey the law and "do good," and following up with an audit program to verify compliance with the law. Under ISO 14001, AT&T-ME will have to establish clear objectives and targets, define operational

procedures on how to meet them, assign responsibility for carrying out those procedures, measure its performance against its objectives and targets, and correct what must be corrected to meet them.

D. Third-Party Registration to ISO 14001

ISO 14001 does not itself require third-party registration. It is a voluntary standard, and organizations are free to use it as a guidance document, self-declare conformance, or seek third-party registration to the standard. Anticipating the demands of its customers and competitors, AT&T-ME has decided to go the third-party registration route. It is anticipated that the process for obtaining registration under ISO 14001 will be similar to the process AT&T-ME used for ISO 9000. Please note that other AT&T business units that are not part of this proposal may in the future explore other EMS options, procedures other than strict third-party registration for ensuring and conveying information about conformity to EMS criteria, or strategies that are facility-specific rather than business unit-wide.

Each ISO country must establish a national "competent body" to administer the conformity assessment process. The key role of the competent body is to accredit the firms or individuals who will actually conduct the third-party registration audits. Only organizations that are officially accredited can conduct such audits and grant registrations. To become accredited, these organizations, typically consulting firms, must demonstrate that they meet certain published criteria regarding their competence in the field, familiarity with the standard, and expertise in conducting audits.

ANSI is currently in the process of establishing the accreditation system for ISO 14001 in the U.S. It has established a task force to study the matter and make recommendations on how to proceed. This task force includes several individuals from U.S. EPA, industry, experts in ISO 9000 registration and environmental groups. The goal is to create a conformity assessment infrastructure that will result in third-party registrations that are credible internationally and domestically, as well as for commercial, public and regulatory purposes. The goal is to have this structure in place by late 1996 or early 1997, a schedule which will meet the timelines of Project XL.

Assuming that the ISO 14001 registration process will be similar to that used in ISO 9000, an accredited registrar will usually conduct a "pre-review" of an organization's EMS to provide an initial assessment of the organization's ability to obtain registration to the standard. After any necessary corrections are made based on that review, the full registration audit is conducted, generally in

accordance with the ISO 10011 auditing standard. The goal of this audit is to verify that the organization meets and has in place all of the elements of the standard against which the organization is being audited. Therefore, AT&T-ME will have to demonstrate, to the satisfaction of a qualified and accredited auditor, that it has in place each and every element of ISO 14001.

Under ISO 9000, the auditor returns every six months to verify that the registered system is still conforms to the standard, and a full registration audit is performed every three years. It is likely that a similar approach will be adopted for ISO 14001. Therefore, not only will a comprehensive ISO 14001 EMS be regularly monitored and audited by the organization itself, it is also subject to regular review by an accredited third party.

III. ISO 14001 and the Regulatory Context

A. **Enforcement and Penalty Mitigation**

Environmental management systems have long been viewed by the U.S. government as an important element of legal compliance. Dating from the original EPA auditing policy issued in 1986, through the pronouncements on compliance assurance systems contained in the U.S. Department of Justice prosecutorial guidelines and the U.S. Sentencing Commission's Sentencing Guidelines, to EPA's various penalty policies and its most recently issued auditing and disclosure policy, the government has recognized that companies that manage their environmental obligations in a systematic manner are more likely to comply with the law than companies who do not. Therefore, companies that have comprehensive EMS in place are better positioned to comply, are less likely to violate the law, and if they do, are better able to detect, correct and prevent recurrences of such violations. Therefore, such facilities are generally viewed more sympathetically by the government and often benefit from the exercise of enforcement discretion and penalty mitigation.

ISO 14001 is consistent with the various U.S. government policies on compliance assurance systems, and in fact is more detailed and comprehensive. The government documents focus primarily on management responsibility and auditing, with their primary goal being the avoidance of non-compliance at facilities. ISO 14001 includes those components, but goes farther. ISO 14001 companies must include products and services in their EMS, not just facilities. ISO 14001 puts just as much, or perhaps even more, emphasis on the "front half" of the EMS, policies, procedures and training, as it does the "back half," auditing. While the U.S. government documents often view auditing as perhaps the primary compliance assurance tool, in ISO 14001 it is a verification tool used in the overall context of a systematic approach to identifying and managing environmental obligations. Just

as ISO 9000 quality assurance programs focus companies on building quality into their products the first time so that quality inspections will find fewer defects, so too does ISO 14001 push companies to do it right the first time and integrate environmental protection into their everyday operations so that the full burden of compliance assurance is not borne by the audit program. The approach essentially provides a more detailed exposition and framework for implementing Professor Deming's "plan, do, check, act" management theory.

Since ISO 14001 is consistent with but more comprehensive than existing government compliance assurance models, conformance to ISO 14001 is an excellent framework for considering issues such as enforcement discretion and penalty mitigation. Further, since ISO 14001 establishes a defined protocol for documenting the existence and performance of an EMS, an element not present in the government documents, it offers a reliable, predictable and verifiable basis for the exercise of enforcement discretion and penalty mitigation.

This is important for at least two reasons. First, EPA should concentrate its inspection and enforcement activity on companies that are more likely to be wrongdoers or pose a serious threat to the environment. This would be consistent with OSHA's VPP program, in which companies with approved safety management systems are given less enforcement attention than companies that have not taken that approach. AT&T-ME is an active OSHA VPP participant. Second, companies with comprehensive and well-documented EMS may discover more than their share of minor, paperwork-related infractions than would companies that never look at all. It would be sending industry the wrong message if those that managed and reviewed their operations in a comprehensive manner actually suffered from having voluntarily done far more than what was required by law.

B. **Regulatory Flexibility**

The comprehensive nature of ISO 14001 also makes it well-suited to be a framework for providing U.S. EPA, the States, the public and industry with much needed regulatory flexibility. A major focus of most of the environmental regulations is process: detailed requirements intended to make sure that companies properly collect, evaluate, document and report environmental information so that the government can be comfortable that companies are operating in an environmentally protective manner. For example, the bulk of the Clean Water Act and Clean Air Act permitting regulations focus on the process of collecting the information necessary for obtaining permits, and monitoring and documenting compliance with permits. Similarly, the Toxic Substances Control Act and Resource Conservation and Recovery Act regulations deal in large measure with collecting and managing information about chemicals and waste. Thus, the Agency has used a considerable amount of its resources on establishing and enforcing

detailed environmental information management regulations.

In addition, for historical reasons, most environmental programs in the U.S. have been established on a media-specific basis. Therefore, many of the key environmental regulatory programs operate in parallel. As a result, companies are faced with a myriad of overlapping and sometimes contradictory programs, including countless detailed information and record keeping requirements. The regulations sometimes also work at cross-purposes from a substantive perspective as well, as efforts focused on reducing pollution in one media may simply transfer pollutants to another media not covered by that particular program. Not only is this inefficient for the companies that are subject to the regulations, it also diverts the Agency's attention from the more fundamental goal of environmental performance and also makes it difficult for the public to have a clear understanding about companies' environmental performance.

ISO 14001 affords an excellent opportunity to streamline the process-oriented regulations and address them through a comprehensive EMS that is multi-media, comprehensive and verified. ISO 14001 requires companies to conduct, in a systematic and documented fashion, an overall evaluation of their environmentally-related activities, services and products in order to identify their significant environmental impacts. This is a multi-media effort that is not necessarily constrained by a company's legal obligations: it may cover issues that are not currently regulated. This information is used to establish objectives and targets, identify the key operations that are associated with the company's significant environmental impacts, and create documented procedures must be established for those operations. The operation of the EMS is then regularly measured, monitored and audited, and the resulting information is used to conduct corrective action and review and improve the EMS. This entire system is tailored to the specific needs of the company and its associated environmental impacts, rather than the "one size fits all" approach characteristic of many of EPA's detailed regulations.

ISO 14001 establishes a comprehensive multimedia process for collecting, evaluating and documenting environmental information in which EPA can have confidence. Companies with such a system in place should not have to follow each regulatory programs' discrete information collection and management requirements in every detail. Instead, ISO 14001 companies could rely on the information that is part of their overall EMS to satisfy the information and process needs of EPA's various regulatory programs. This could simplify and speed up the permit application and modification process, as well as monitoring for ongoing permit compliance. Since the information management system would be tailored to the specific context in which the company operates, it would be a more effective and efficient system for providing regulators, management and the public with

meaningful environmental information.

Since ISO 14001 is multimedia, it would also provide a foundation for both regulators and industry to effectively address cross-media issues in a prospective and effective manner. It will encourage companies to stop emulating EPA's traditional structure of having media-specific programs and to instead address environmental issues in a more holistic manner. ISO 14001 establishes a system in which it is very difficult for companies to attempt to make progress in one environmental area at the expense of increased pollution in another.

The regulatory flexibility benefits for AT&T-ME associated with an ISO 14001-Project XL linkage could be very important. AT&T-ME competes in perhaps the toughest, fastest moving international market. Product designs, manufacturing processes, market demands and competitive pressures change rapidly and are often very difficult to predict. Many of AT&T-ME's products have a market life of 18 months or less. Product designs are constantly changing and new products are always coming on line. The entire character of a manufacturing facility might change one or two times in the life of a typical air or water permit.

Since the industry moves so quickly, documentation and monitoring requirements fixed in regulations or 5-year permits cannot keep up with the real environmental needs of the facility. AT&T-ME is often hindered by lengthy and complex permit application and modification procedures, and "one size fits all" regulatory or permit requirements prevent it from focusing its environmental resources on the areas and activities that need them the most. The comprehensive approach of ISO 14001, if linked to meaningful regulatory flexibility, would allow AT&T-ME to meet its commercial competition while at the same time more flexibly and effectively meet its environmental obligations.

C. Enhanced Environmental Performance and Pollution Prevention

ISO 14001 encompasses more than just compliance with the law. It provides a framework within which companies can set priorities and thereby undertake meaningful pollution prevention and "compliance plus" projects in a systematic and documented manner. ISO 14001 requires a top management commitment to pollution prevention and to continual improvement of the EMS. These commitments must be taken into account when companies set their quantifiable objectives and targets. These objectives and targets are then built into company procedures, responsible individuals identified, progress measured, necessary corrective measures taken, and reports to top management made. Therefore, ISO 14001 is an excellent tool for setting, documenting, tracking and meeting objectives and targets. This is an example of how the process works:

- Policy: reduce impact on the environment;
- Legal obligation: compliance with Clean Water Act;
- Objective: compliance and reduce water consumption;
- Target: reduce water consumption 10%/year for five years;
- Responsibility: plant environmental manager;
- Procedure: install recycling equipment, train process and product engineers and operational personnel on water preservation;
- Resources: X dollars/year;
- Monitoring: monitor water use on a continual basis; and
- Reporting: report to top management on water consumption every six months

This is only an example and does not identify every single step in the ISO 14001 process. However, it does illustrate how ISO 14001 will be a valuable tool for both management and other stakeholders with respect to setting and meeting pollution prevention targets.

The cross functional and multimedia nature of ISO 14001 will also enhance pollution prevention initiatives. ISO 14001 requires companies to take products and services into account, and it not limited to an end-of-pipe perspective. It also encourages a holistic multimedia approach. Therefore, ISO 14001 companies will be well-placed to identify opportunities for pollution prevention far "upstream" into the design and manufacturing process, such as design for the environment, materials substitution, process design, etc.

ISO 14001 requires companies to systematically meet all of their voluntary obligations. While nothing in ISO 14001 requires companies to subscribe to voluntary initiatives such as Responsible Care for the chemical industry, once companies do subscribe they must build conformance to those initiatives into their EMS and conform to those initiatives just as they would any other commitment. To provide another example, companies that volunteered for EPA's 33/50 program would have to incorporate 33/50 into their ISO 14001 EMS. An ISO 14001 company will not be able to simply give lip service to popular voluntary initiatives and still expect to obtain third-party registration.

IV. Project XL and ISO 14001

AT&T-ME has proposed using ISO 14001 as the basis for its Project XL project. Since AT&T-ME intends to seek third-party registration on a business unit-wide basis, the overall scope of the project would be business unit-wide. This will provide AT&T-ME, EPA, and other stakeholders a comprehensive and verified EMS to serve as a foundation for achieving enhanced overall environmental

performance on a business unit-wide basis, and for implementing facility-specific regulatory flexibility options. While the details of this project are best left to the post-selection negotiating period, AT&T-ME envisions the structure of the project as follows.

AT&T-ME will be obtaining third-party registration to ISO 14001 on a business unit-wide basis. This means that each of its facilities will have in place the comprehensive EMS described earlier in this supplement. The existence of this system will be confirmed by an accredited third-party auditor, verified by that auditor on a periodic basis, and re-registered every 3-5 years. While the specifics of each facility's EMS will vary due to the location, operations and environmental obligations of each facility, AT&T-ME's overall EMS will be coordinated at the business-unit level.

This project will provide EPA an opportunity to observe first-hand the ISO 14001 EMS development and registration process. This will be a valuable experience because it is anticipated that ISO 14001 will be the leading EMS standard in the U.S. and that thousands of facilities will be seeking third-party registration to the standard and that many more will be using it as a guide. Industry, Federal and State regulators and environmental groups are all showing an increased interest in how ISO 14001 might be creatively applied to streamline government regulation and achieve enhanced environmental protection and performance. This project will allow EPA to play a leadership role in that dialogue.

Those elements of the project addressing regulatory flexibility would necessarily be facility-specific simply because most regulations are facility-specific. At this time, AT&T-ME envisions several specific regulatory flexibility sub-projects that could be potential candidates for discussion and inclusion in this project.

- Clean Air Act permitting. The ISO 14001 EMS is a good framework to address streamlining three key areas of Clean Air Act permitting: the initial permit application process, compliance monitoring and permit modifications. ISO 14001 could serve as the framework for developing a simplified permit application process that takes advantage of the information collection elements of the standard. The permit itself could establish plant-wide applicable emissions limits that would allow AT&T-ME the flexibility to make necessary changes to operating units that would not trigger lengthy permit modification requirements so long as the plant-wide applicable limits are not exceeded. AT&T-ME could be given considerable flexibility in designing and implementing a monitoring system that focuses on the key operating procedures at the facility. Since AT&T-ME will already be collecting, evaluating and monitoring this information as part of its registered EMS, more flexibility could also be provided on the compliance certification

requirements. AT&T has been a vigorous participant in the discussions regarding the Clean Air Act Title V permitting program, has submitted extensive comments, and would bring this expertise to the table in formulating this aspect of the project.

- Clean Water Act permitting. EPA's water office is already working on an initiative to issue permit writer's guidance allowing more flexible monitoring and reporting requirements for facilities that have good performance records and a registered EMS such as ISO 14001. The Agency is considering allowing such facilities the flexibility to determine their own monitoring requirements that are tailored to their specific needs and that allows them to be rapidly changes as conditions require. AT&T-ME would like to discuss submitting one of its facilities as a test bed for this project.

- Waste. EPA is currently working to simplify RCRA's hazardous waste identification and management program, particularly through the hazardous waste identification rule ("HWIR") that will be proposed on August 15. It is our understanding the EPA will be seeking comment as to whether to base the regulatory status of a waste on the management scenario that is selected for the waste, known as the "contingent management" approach. One of the Agency's primary concerns in developing such a program is its ability to be sure that participating companies are in fact managing wastes in accordance with the relevant management scenario. A registered ISO 14001 EMS could provide that reassurance, and it may be appropriate to select an AT&T-ME facility as an early pilot for a contingent management program.

- Reporting and Record Keeping. Since ISO 14001 pushes companies toward integrated monitoring, record keeping and reporting, it will provide an opportunity for AT&T-ME to work with EPA to simplify and avoid duplication in these areas. This could be linked to the Agency's "one stop reporting" initiative.

In each instance, the facility-specific regulatory flexibility project would be tied into a third-party registered comprehensive EMS and information management system that meets the ISO 14001 standard. The specific details of each of these projects, including the identity of the specific facilities, will be worked out in the post-selection negotiation process in conjunction with the EPA Regions and States in which the facilities are located. The issue of community involvement at each of those facilities will also be addressed to ensure that neighbors did not lose access to information or the ability to provide input that would otherwise by provided by law. Additional regulatory flexibility projects that are suitable to pilot in conjunction with ISO 14001 might also be identified during the post-selection negotiation process, or as AT&T-ME goes through the ISO 14001 registration process.

Pollution prevention projects that would be linked to Project XL could be discussed on a business unit-wide basis since "compliance plus" activity is not subject to facility-by-facility regulation. AT&T-ME has already initiated numerous pollution prevention projects, such as reducing or eliminating the use of certain chemicals. AT&T-ME anticipates launching additional such projects, including some covering raw materials use and resource conservation, in the context of ISO 14001. These projects will include measurable objectives and targets, timetables for achieving them, and regular measurement to determine if they are being met. AT&T-ME anticipates that EPA may have its own ideas regarding pollution prevention projects within Project XL, and looks forward to discussing them with the Agency during the post-selection negotiations.

Another business unit-wide element of this project would address the issue of inspections, enforcement discretion and penalty mitigation. AT&T-ME anticipates discussing with EPA how detected and reported violations would be handled in the ISO 14001 context and expects that the Agency will take into account AT&T-ME's commitment to environmental excellence and be willing to offer considerable latitude in the enforcement area. Of course, any such discussion would have to involve the relevant States.

Conclusion

AT&T-ME believes that its proposal to seek alternative strategies for compliance, enhanced performance, and regulatory flexibility in the framework of ISO 14001 will work and meet EPA's goals for Project XL, and it incorporates by reference into this supplement all of the points made in its July 21 proposal. AT&T-ME recognizes that many of the details regarding specific elements of regulatory relief and pollution prevention remain to be worked out. However, it is our understanding that this is the purpose of the post-selection negotiating period provided for in the Agency's Project XL solicitation. On the other hand, AT&T-ME's proposal provides the Agency with a very detailed, practical and concrete system, including third-party certification and ongoing third-party review of that system, by which the twin goals of regulatory relief and enhanced environmental performance will be achieved. If you have any questions regarding this proposal, please call Ted Polakowski (908-771-2554), Debra Hennelly (908-204-8503), or Christopher Bell (202-736-8118).