June 7, 1984

JPS Draft #5 [chevron,chevroni]

82-1005 - Chevron U.S.A. Inc., a Corporation v. Natural Resources Defense Council, Inc., et al.

82-1247 - American Iron and Steel Institute v. Natural Resources Defense Council, Inc. et al.

82-1591 - William D. Ruckelshaus, Administrator, Environmental Protection Agency v. Natural Resources Defense Council, Inc., et al.

JUSTICE STEVENS delivered the opinion of the Court.

In the Clean Air Act Amendments of 1977, Pub. L. 95-95, 91 Stat. 685 et seq, Congress enacted certain requirements applicable to States that had not achieved the national air quality standards established by the Environmental Protection Agency pursuant to earlier legislation. The amended Act required these "nonattainment" States to establish a permit program regulating "new or modified major stationary sources" of air pollution. Generally, a permit may not be issued for a new or modified major stationary source unless several stringent conditions are met.[1] The EPA regulation promulgated to implement

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[1]Section 172(b)(6) provides:

"The plan provisions required by subsection (a) shall--

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"(6) require permits for the construction and

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this permit requirement allows a State to adopt a plant-wide definition of the term "stationary source."[2] Under this definition, an existing plant that contains several pollution-emitting devices may install or modify one piece of equipment without meeting the permit conditions if the alteration will not increase the total emissions from the plant. The question presented by this case is whether EPA's decision to allow States to treat all of the pollution-emitting devices within the same industrial grouping as though they were encased within a single "bubble" is based on a reasonable construction of the statutory term "stationary source."

I

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operation of new or modified major stationary sources in accordance with section 173 (relating to permit requirements). . . ." 91 Stat. 747.

2 "(i) 'Stationary source' means any building, structure, facility, or installation which emits or may emit any air pollutant subject to regulation under the Act.

"(ii) 'Building, structure, facility, or installation' means all of the pollutant-emitting activities which belong to the same industrial grouping, are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control) except the activities of any vessel." 40 C.F.R. §51.18(j)(1)(i) and (ii).

The EPA regulations containing the plant-wide definition of the term stationary source were promulgated on October 14, 1981. 46 Fed. Reg. 50766. Respondents[3] filed a timely petition for review in the United States Court of Appeals for the District of Columbia Circuit pursuant to 42 U.S.C. §7607(b)(1).[4] The court of appeals set aside the regulations. National Resources Defense Council, Inc. v. Gorsuch, 685 F.2d 718 (1982).

The court observed that the relevant part of the amended Clean Air Act "does not explicitly define what Congress envisioned as a 'stationary source, to which the permit program . . . should apply," and further stated that the precise issue was not "squarely addressed in the legislative history." Id., at 723. In light of its conclusion that the legislative history bearing on the question was "at best contradictory," it reasoned that "the purposes of the nonattainment program should guide our decision here." Id., at 726 n. 39.[5] Based on two of its

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[3]National Resources Defense Council, Inc., Citizens for a Better Environment, Inc. and North Western Ohio Lung Association, Inc.

[4]Petitioners, Chevron U.S.A. Inc., American Iron and Steel Institute, American Petroleum Institute, Chemical Manufacturers Association, Inc., General Motors Corporation, and Rubber Manufacturers Association were granted leave to intervene and argue in support of the regulation.

[5]The court remarked in this regard:

"We regret, of course, that Congress did not advert specificially to the bubble concept's application to various Clean Air Act programs, and note that a further clarifying statutory directive would facilitate the

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precedents concerning the applicability of the bubble concept to certain Clean Air Act programs,[6] the court stated that the bubble concept was "mandatory" in programs designed merely to maintain existing air quality, but held that it was "inappropriate" in programs enacted to improve air quality. Id., at 726. Since the purpose of the permit program--its "raison d'etre," in the court's view--was to improve air quality, the court held that the bubble concept was inapplicable in this case under its prior precedents. Ibid. It therefore set aside the regulations embodying the bubble concept as contrary to law. We granted certiorari to review that judgment, ___ U. S. ___, and we now reverse.

The basic legal error of the court of appeals was to adopt a static judicial definition of the term stationary source when it had decided that Congress itself had not commanded that definition. Respondents do not defend the legal reasoning of the court of appeals in this regard.[7] Nevertheless, since this

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work of the agency and of the court in their endeavors to serve the legislators' will." 685 F.2d, at 726 n. 39.

[6] Alabama Power Co. v. Costle, 636 F.2d 323 (1979); ASARCO, Inc. v. EPA, 578 F.2d 319 (1978).

[7] Respondents argued below that that EPA's plant-wide definition of stationary source is contrary to the terms, legislative history, and purposes of the amended Clear Air Act. The court below rejected respondents' arguments based on the language and legislative history of the Act. It did agree with respondents contention that the regulations were inconsistent

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court reviews judgments, not statements in opinions, we must determine whether the judgment of the court of appeals is correct.[8]

The Court of Appeals addressed the wrong question in reviewing the regulations at issue. Once it determined, after its own examination of the legislation, that Congress did not actually have an intent regarding the applicability of the bubble concept to the permit program, the question before it was not whether in its view the concept is "inappropriate" in the general context of a program designed to improve air quality, but whether the Admininistor's view that it is appropriate in the context of this particular program is a reasonable one.[9] Based on the

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with the purposes of the Act, but did not adopt the construction of the statute advanced by respondents. Respondents rely on the arguments rejected by the court of appeals in support of the judgment. See generally Ryerson v. United States, 312 U.S. 405, 408 (1941); LeTulle v. Scofield, 308 U.S. 415, 421 (1940); Langnes v. Green, 282 U.S. 531, 533-539 (1931).

[8]E.g., Black v. Cutter Laboratories, 351 U.S. 292, 297 (1956); Riley Co. v. Commissioner, 311 U.S. 55, 59 (1940); Williams v. Norris, 12 Wheat. 117, 120 (1827); M'Clung v. Silliman, 6 Wheat. 598, 603 (1821).

[9]When Congress has implicitly left a gap for the agency to fill, and the agency has been accorded general authority to prescribe such regulations as are necessary to fulfill its statutory mandate, generally a court may not substitute its own construction of a statutory provison for a reasonable interpretation made by the adminstrator of an agency. INS v. Wang, 450 U.S. 139, 144 (1981); Train v. NRDC, 421 U.S. 60, 87 (1975). The principle of deference to administrative interpretations

> "has been consistently followed by this Court whenever decision as to the meaning or reach of a statute has

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examination of the legislation and its history which follows, we agree with the court of appeals that Congress did not have a specific intention on the applicability of the bubble concept in this case, and conclude that the EPA's use of that concept here is a reasonable policy choice for the agency to make.

II

In the 1950's and the 1960's Congress enacted a series of

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involved reconciling conflicting policies, and a full understanding of the force of the statutory policy in the given situation has depended upon more than ordinary knowledge respecting the matters subjected to agency regulations. See, e.g., National Broadcasting Co. v. United States, 319 U.S. 190; Labor Board v. Hearst Publications, Inc., 322 U.S. 111; Republic Aviation Corp. v. Labor Board, 324 U.S. 793; Securities & Exchange Comm'n v. Chenery Corp., 322 U.S. 194; Labor Board v. Seven-Up Bottling Co., 344 U.S. 344. . . . .If this choice represents a reasonable accommodation of conflicting policies that were committed to the agency's care by the statute, we should not disturb it unless it appears from the statute or its legislative history that the accommodation is not one that Congress would have sanctioned." United States v. Shimer, 367 U.S. 374, 382, 383 (1961).

The court need not conclude that the agency construction was the only one it permissibly could have adopted to uphold the construction, or even the reading the court would have reached if the question initially had arisen in a judicial proceeding. FEC v. Democratic Senatorial Campaign Committee, 454 U.S. 27, 39 (1981); Zenith Radio Corp. v. United States, 437 U.S. 443, 450 (1978); Train v. NRDC, 421 U.S. 60, 75 (1975); Udall v. Tallman, 380 U.S. 1, 16 (1965); Unemployment Compensation Comm'n v. Aragon, 329 U.S. 143, 153 (1946); McLaren v. Fleischer, 256 U.S. 477, 480-481 (1921).