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# federal register

Tuesday  
December 2, 1986

**Briefings on How To Use the Federal Register—**  
For information on briefings in New York, NY, and Pittsburgh,  
PA, see announcement on the inside cover of this issue.





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## THE FEDERAL REGISTER

### WHAT IT IS AND HOW TO USE IT

- FOR:** Any person who uses the Federal Register and Code of Federal Regulations.
- WHO:** The Office of the Federal Register.
- WHAT:** Free public briefings (approximately 2 1/2 hours) to present:
1. The regulatory process, with a focus on the Federal Register system and the public's role in the development of regulations.
  2. The relationship between the Federal Register and Code of Federal Regulations.
  3. The important elements of typical Federal Register documents.
  4. An introduction to the finding aids of the FR/CFR system.
- WHY:** To provide the public with access to information necessary to research Federal agency regulations which directly affect them. There will be no discussion of specific agency regulations.

#### NEW YORK, NY

- WHEN:** December 5 at 10:00 a.m.,
- WHERE:** Room 305A, 26 Federal Plaza, New York, NY
- RESERVATIONS:** Arlene Shapiro or Stephen Colon, New York Federal Information Center, 212-264-4810.

#### PITTSBURGH, PA

- WHEN:** December 8 at 1:30 p.m.,
- WHERE:** Room 2212, William S. Moorehead Federal Building, 1000 Liberty Avenue, Pittsburgh, PA
- RESERVATIONS:** Kenneth Jones or Lydia Shaw  
Pittsburgh: 412-644-INFO  
Philadelphia: 215-597-1707, 1709



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# Rules and Regulations

Federal Register

Vol. 51, No. 231

Tuesday, December 2, 1986

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

## OFFICE OF PERSONNEL MANAGEMENT

### 5 CFR Parts 870, 871, 872, and 873

#### Premium Rates for Life Insurance

**AGENCY:** Office of Personnel Management.

**ACTION:** Final rule.

**SUMMARY:** The Office of Personnel Management (OPM) has implemented a reduction in the premium rate for basic life insurance for all age categories for standard optional insurance and for some age categories of additional optional and family optional insurance under the Federal Employees' Group Life Insurance Program. The reduction was effective with the first pay period beginning on or after August 1, 1986. For retirees, any reductions in premium levels were reflected in their September 1, 1986, annuity payment.

**EFFECTIVE DATE:** January 2, 1987.

**FOR FURTHER INFORMATION CONTACT:** Eleanor Goodwin, (202) 632-3772.

**SUPPLEMENTARY INFORMATION:** On July 17, 1986, OPM published interim regulations in the *Federal Register* (51 FR 25849) to reduce the premium rate for basic insurance coverage and the three forms of optional insurance coverage. The reduction is based on OPM's re-evaluation of the premium rate for basic life insurance and the three forms of optional coverage on the basis of improved mortality experience and changed demographic and economic assumptions.

No comments were received during the comment period.

#### E.O. 12291, Federal Regulation

I have determined that this is not a major rule as defined under section 1(b) of E.O. 12291, Federal Regulation.

## Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because they affect Federal employees and annuitants.

### List of Subjects in 5 CFR Parts 870, 871, 872, and 873

Administrative practice and procedures, Government employees, Life insurance, Retirement, Workers' compensation.

U.S. Office of Personnel Management.

Constance Horner,

Director.

Accordingly, the interim regulations that were published at 51 FR 25849-25850 on July 17, 1986, are adopted as final rules without change.

[FR Doc. 86-26998 Filed 12-1-86; 8:45 am]

BILLING CODE 6325-01-M

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 86-CE-60-AD; Amendment 39-5474]

**Airworthiness Directives; Beech Models 35, 35R, A35, B35, C35, D35, E35, F35, G35, H35, J35, K35, M35, N35, P35, S35, V35, V35A, and V35B Airplanes**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new Airworthiness Directive (AD), AD 86-21-07, applicable to certain Beech Models 35, 35R, A35, B35, C35, D35, E35, F35, G35, H35, J35, K35, M35, N35, P35, S35, V35, V35A, and V35B airplanes, and codifies the corresponding emergency AD letter dated October 16, 1986, into the *Federal Register*. The initial results of extensive tests, being conducted by Beech Aircraft Corporation to address FAA concerns regarding the structural integrity of these airplanes, indicate that the empennage strength may be marginal when the airplane is operated in certain flight conditions within the approved flight envelope. This AD restricts the maneuvering, the maximum structural cruise, and never exceed

speeds to preclude operation where airloads may be developed that could result in structural failure. In addition, airplanes certificated in utility category are restricted to operate in normal category only.

**EFFECTIVE DATE:** December 3, 1986, to all persons except those to whom it has already been made effective by priority letter from the FAA dated October 16, 1986.

**Compliance:** As prescribed in the body of the AD.

**ADDRESSES:** Background information pertinent to this AD is contained in the Rules Docket, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

**FOR FURTHER INFORMATION CONTACT:** Mr. Brian Yanez, FAA, Wichita Aircraft Certification Office, ACE-120W, 1801 Airport Road, Room 100, Mid-Continent Airport, Wichita, Kansas 67209; Telephone (316) 946-4409.

**SUPPLEMENTARY INFORMATION:** The FAA, at the request of the American Bonanza Society, contracted with the Transportation Systems Center (TSC) to study the structural design criteria, structural design loads, structural analysis and other characteristics that might affect the airworthiness of the Beech V-tail Bonanza. In their report, TSC recommended extensive testing of the airplane as well as a review of FAA Airworthiness Standards for V-tail designs.

Beech Aircraft Corporation embarked on an extensive program involving wind tunnel, flight and static tests in an effort to answer the TSC concerns. The initial results from these tests indicate the empennage strength may be marginal when the airplane is operated in certain flight conditions within the approved envelope.

The FAA determined that this is an unsafe condition that may exist in other airplanes of the same type design, thereby necessitating the AD. It was also determined that an emergency condition existed, that immediate corresponding action was required, and that notice and public procedure thereon was impractical and contrary to the public interest. Accordingly, the FAA notified all known registered owners of the airplanes affected by this AD by priority mail letter dated October 16, 1986. This AD became effective immediately as to these individuals



upon receipt of that letter, and is identified as AD 86-21-07. The AD limits the maneuvering, maximum structural cruise and never exceed speeds of certain Beech Model 35 airplanes. In addition, airplanes certificated in utility category are restricted to operate in normal category only. This action is necessary until such time that the total investigative program is complete and a modification to the tails can be defined, if required.

Since the unsafe condition described therein may still exist on other Beech Model 35 airplanes, the AD is being published in the *Federal Register* as an amendment to Part 39 of the Federal Aviation Regulations (14 CFR Part 39) to make it effective to all persons who did not receive the letter notification. Because a situation still exists that requires the immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and contrary to the public interest, and good cause exists for making this amendment effective in less than 30 days.

The FAA has determined that this regulation is an emergency regulation that is not considered to be major under Executive Order 12291. It is impracticable for the agency to follow the procedures of Executive Order 12291 with respect to this rule since the rule must be issued immediately to correct an unsafe condition in aircraft. It has been further determined that this action involves an emergency regulation under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). If this action is subsequently determined to involve a significant regulation, a final regulatory evaluation or analysis as appropriate, will be prepared and placed in the regulatory docket (otherwise, an evaluation is not required). A copy of it, when filed, may be obtained by contacting the Rules Docket at the location under the caption "ADDRESSES".

#### List of Subjects 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

#### Adoption of the Amendment

#### PART 39—[AMENDED]

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends § 39.13 of Part 39 of the FAR as follows:

1. The authority citation for Part 39 continues to read as follows:

Authority: 49 U.S.C. 1354(a), 1421 and 1423;

49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

#### § 39.13 [Amended]

2. By adding the following new AD:

**Beech:** Applies to all Model 35, 35R, A35, B35, C35, D35, E35, F35, G35, H35, J35, K35, M35, N35, P35, S35, V35, V35A and V35B (all serial numbers) airplanes certificated in any category except to those Models S35, V35, V35A and V35B airplanes modified per Supplemental Type Certificate SA2149CE (straight tail conversion).

**Compliance:** Required prior to further flight after receipt of this AD, unless already accomplished.

To prevent possible failure of the V-tail empennage when operating the airplane in conditions where only marginal structural strength may be available, accomplish the following:

(a) For Models 35, 35R, A35, B35, C35, D35, E35, F35, or G35:

(1) Fabricate and install on the instrument panel as near as possible to the airspeed indicator and in clear view of the pilot the following placard using letters of 0.10 inch minimum height.

"Never exceed speed, V<sub>ne</sub>, 144 MPH (125 knots) IAS Maximum structural cruising speed, V<sub>no</sub>, 135 MPH (117 knots) IAS Maneuvering speed, V<sub>A</sub>, 127 MPH (110 knots) IAS."

(2) Mark the outside surface of the airspeed indicator with lines of approximately 1/16 inch by 3/16 inch as follows:

(A) Red line at 144 MPH (125 knots), and  
(B) Yellow line at 135 MPH (117 knots), and  
(C) A white slippage mark between the airspeed indicator glass and case to visually verify glass has not rotated.

(3) Place a copy of this AD in the Pilot's Operating Handbook and FAA approved Airplane Flight Manual and observe the specified limits.

(4) Operate the airplane in accordance with these speed limitations.

(b) For Models H35, J35, K35, M35, N35, P35, S35, V35, V35A and V35B:

(1) Fabricate and install on the instrument panel as near as possible to the airspeed indicator and in clear view of the pilot the following placard using letters of 0.10 inch minimum height.

"Never exceed speed, V<sub>ne</sub>, 197 MPH (171 knots) IAS Maximum structural cruising speed, V<sub>no</sub>, 177 MPH (154 knots) IAS Maneuvering speed, V<sub>A</sub>, 132 MPH (115 knots) IAS."

(2) Mark the outside surface of the airspeed indicator with lines of approximately 1/16 inch by 3/16 inch as follows:

(A) Red line at 197 MPH (171 knots), and  
(B) Yellow line at 177 MPH (154 knots), and  
(C) A white slippage mark between the airspeed indicator glass and case to visually verify glass has not rotated.

(3) Place a copy of this AD in the Pilot's Operating Handbook and FAA approved Airplane Flight Manual and observe the specified limits.

(4) Operate the airplane in accordance with these speed limitations.

(c) For all applicable models, fabricate and install on the instrument panel, over the existing "Utility Category" placard the following placard using letters of 0.10 inch minimum height: "Normal Category Operation Only" and operate the airplane accordingly.

(d) The requirements of this AD may be accomplished by the holder of a pilot certificate issued under Part 61 of the Federal Aviation Regulations on any airplane owned or operated by him. The person accomplishing these actions must make the appropriate aircraft maintenance record entry as prescribed in FAR 91.173.

(e) An equivalent method of compliance with this AD may be used when approved by the Manager, Wichita Aircraft Certification Office, Federal Aviation Administration, Central Region, 1801 Airport Road, Room 100, Mid-Continent Airport, Wichita, Kansas 67209.

This amendment becomes effective December 3, 1986, as to all persons except those to whom it has already been made effective by priority letter dated October 16, 1986, and is identified as AD 86-21-07.

Issued in Kansas City, Missouri, on November 18, 1986.

**Jerold M. Chavkin,**

*Acting Director, Central Region.*

[FR Doc. 86-26982 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

#### 14 CFR Part 39

[Docket No. 86-CE-26-AD; Amendment 39-5476]

#### Airworthiness Directives; British Aerospace (BAe) Model 3101 (Jetstream) Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new Airworthiness Directive (AD), applicable to certain BAe Model 3101 (Jetstream) airplanes. It requires modification of the electrical supply source for the lighting of the standby artificial horizon and altitude alert controller indicator (if fitted), from the main to the essential +28V busbar, which will ensure that the lighting supply to these indicators is maintained subsequent to a loss of the main busbar supply. The loss of lighting to essential cockpit instrumentation may result in the airplane deviating from an assigned altitude and encroaching into instrument Flight Rule (IFR) assigned airspace, causing an unsafe condition.

**EFFECTIVE DATE:** January 7, 1987.

**Compliance:** Required within 200 hours time-in-service after the effective



date of this AD, unless already accomplished.

**ADDRESSES:** BAe Alert Service Bulletin (ASB) NO. 24-A-JM7490 original issue dated October 30, 1985, Revision No. 1 dated July 22, 1986, applicable to this AD may be obtained from British Aerospace, Engineering Department, Post Office Box 17414, Dulles International Airport, Washington, DC 20041; Telephone (703) 435-9100. A copy of this information is also contained in the Rules Docket, FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

**FOR FURTHER INFORMATION CONTACT:**

Mr. Ted Ebina, Brussels Aircraft Certification Staff, AEU-100, Europe, Africa and Middle East office, FAA, c/o American Embassy, 1000 Brussels, Belgium; Telephone 513.38.30; or Mr. H. Chimérine, FAA, ACE-109, 601 East 12th Street, Kansas City, Missouri 64106; Telephone (816) 374-6932.

**SUPPLEMENTARY INFORMATION:**

A proposal to amend Part 39 of the Federal Aviation Regulations to include an AD requiring changing the electrical source for the lighting converter unit (1LH9) from the 28V d.c. main busbar to the 28V d.c. essential busbar on certain BAe Model 3101 (Jetstream) airplanes was published in the Federal Register on August 22, 1986 (51 FR 30075). The proposal resulted from a report, on a BAe Jetstream Model 3101 aircraft in flight, of loss of lighting supply to the standby artificial horizon and altitude alert controller indicator during loss of the main busbar supply. Consequently, British Aerospace issued Alert Service Bulletin (ASB) No. 24-A-JM7490 dated October 30, 1985, Revision No. 1 dated July 22, 1986, which changes the electrical supply source for the lighting converter unit (1LH9) from the 28V d.c. main busbar to the 28V d.c. essential busbar. This change ensures that the lighting supply to the standby artificial horizon and altitude alert controller indicator (if fitted) is maintained during loss of the main busbar supply.

The United Kingdom Civil Aviation Authority (CAA-UK), which has responsibility and authority to maintain the continuing airworthiness of these airplanes in the United Kingdom, classified this ASB No. 24-A-JM7490 dated October 30, 1985, Revision No. 1 dated July 22, 1986, and the actions recommended therein by the manufacturer as mandatory to assure the continued airworthiness of the affected airplanes.

On airplanes operated under the United Kingdom registration, this action has the same effect as an AD on airplanes certified for operation in the

United States. The FAA relies upon the certification of the CAA-UK combined with FAA review of pertinent documentation in finding compliance of the design of these airplanes with the applicable United States airworthiness requirements and the airworthiness and conformity of products of this design certificated for operation in the United States.

The FAA examined the available information related to the issuance of ASB No. 24-A-JM7490 dated October 30, 1985, Revision No. 1 dated July 22, 1986, and the mandatory classification of this Alert Service Bulletin by the CAA-UK and concluded that the condition addressed by ASB No. 24-A-JM7490 dated October 30, 1985, Revision No. 1 dated July 22, 1986, was an unsafe condition that may exist on other airplanes of this type certificated for operation in the United States. Accordingly, the FAA proposed an amendment to Part 39 of the FAR to include an AD on this subject.

Interested persons have been afforded an opportunity to comment on the proposal. No comments or objections were received on the proposal or the FAA determination of the related cost to the public. Accordingly, the proposal is adopted with the following change, based on the fact that a Revision No. 1 was introduced by the manufacturer since the NPRM was published, which only adds Serial No. 601 to the applicability list of airplanes, with no other changes.

The FAA has determined that this regulation involves sixteen (16) U.S. registered airplanes at an approximate "one-time" cost of \$50 for each airplane for a total one-time fleet cost of \$800. The cost of compliance with the proposed AD is so small that the expenses of compliance will not have a significant financial impact on any small entities operating these airplanes. Therefore, I certify that this action (1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the final evaluation prepared for this action is contained in the regulatory docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption "ADDRESSES".

**List of Subjects in 14 CFR Part 39**

Air transportation, Aviation safety, Aircraft, Safety.

**Adoption of the Amendment**

**PART 39—[AMENDED]**

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends § 39.13 of Part 39 of the FAR as follows:

1. The authority citation for Part 39 continues to read as follows:

Authority: 49 U.S.C. 1354(a), 1421 and 1423; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

**§ 39.13 [Amended]**

2. By adding the following new AD:

**British Aerospace (BAe):** Applies to Model 3101 Jetstream (Serial Numbers 601, 603, 604, 606, to 610, 614, 620, 622, 624 to 626, 628 to 632, 634 to 636, and 638 to 653 inclusive) airplanes certificated in any category.

**Compliance:** Required within the next 200 hours time-in-service after the effective date of this AD, unless already accomplished.

To ensure that adequate lighting supply to the standby artificial horizon and altitude alert controller indicator (if fitted) is maintained during loss of the main busbar supply, accomplish the following:

(a) Incorporate British Aerospace (BAe) modification JM7490 in accordance with the "Accomplishment Instructions" contained in BAe Alert Service Bulletin No. 24-A-JM7490 dated October 30, 1985, Revision No. 1 dated July 22, 1986, by changing the electrical supply source for the right upper center panel instrument lighting converter unit (1LH9) from the 28V d.c. main busbar to the 28V d.c. essential busbar.

(b) Aircraft may be flown in accordance with Federal Aviation Regulations 21.197 to a location where this AD can be accomplished.

(c) An equivalent means of compliance with this AD may be used if approved by the Manager, Aircraft Certification Staff, AEU-100, Europe, Africa and Middle East Office, FAA c/o American Embassy, 1000 Brussels, Belgium.

All persons affected by this directive may obtain copies of the document referred to herein upon request to British Aerospace, Engineering Department, Post Office Box 17414, Dulles International Airport, Washington, DC 20041; Telephone (703) 435-9100; or FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

This amendment becomes effective on January 7, 1987.

Issued in Kansas City, Missouri, on November 21, 1986.

**Jerold M. Chavkin,**  
Acting Director, Central Region.

[FR Doc. 86-26987 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M



## 14 CFR Part 39

[Docket No. 86-NM-217-AD; Amdt. 39-5477]

**Airworthiness Directives; British Aircraft Corporation Model 1-11, 200 and 400 Series Airplanes, Modified in Accordance With Air Cruisers Supplemental Type Certificate (STC) SA840EA**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule, request for comments.

**SUMMARY:** This action adopts a new airworthiness directive, applicable to certain British Aircraft Corporation (BAC) Model 1-11, 200 and 400 series airplanes, which requires a visual inspection and replacement, if necessary, of certain container latch release cables. This action is prompted by a report of a main cabin door jamming during an emergency evacuation when the pin in the escape slide failed to release. The cause of the failure was traced to a broken container latch release cable. This condition, if not corrected, could jeopardize the successful evacuation of an airplane in the event of an emergency.

**DATES:** Effective December 19, 1986.

Comments must be received by December 19, 1986.

**ADDRESSES:** Comments should identify the docket number and be submitted in duplicate to the Federal Aviation Administration, Northwest Mountain Region Office of the Regional Counsel (Attn: ANM-103) Attention: Airworthiness Rules Docket 86-NM-217-AD, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168. The applicable service information may be obtained from Air Cruisers Company, P.O. Box 180, Belmar, New Jersey 07719-0180. This information may be examined at FAA, Northwest Mountain Region, 17900 Pacific Highway South, Seattle, Washington, or at FAA, New England Region, New York Aircraft Certification Office, 181 South Franklin Avenue, Room 202, Valley Stream, New York.

**FOR FURTHER INFORMATION CONTACT:** P. Cuneo or W. White, Systems Branch, FAA, New England Region, New York Aircraft Certification Office, 181 South Franklin Avenue, Room 202, Valley Stream, New York 11581; telephone (516) 791-6427.

**SUPPLEMENTARY INFORMATION:** This amendment is prompted by a report that the main cabin door on a BAC Model 1-11 airplane jammed when the pin in the escape slide, installed in accordance with Air Cruisers Company STC

SA840EA, failed to release during an emergency evacuation. The cause of the jamming was traced to a broken container latch release cable. A subsequent survey revealed broken cables found on several other BAC 1-11 airplanes. This condition, if not corrected, could jeopardize the successful evacuation of the airplane in the event of an emergency.

The manufacturer has issued Air Cruisers Alert Service Bulletin 203-25-A2, dated November 17, 1986, which describes procedures for visual inspection and replacement, if necessary, of the container latch release cable.

Since this situation is likely to exist or develop on other airplanes of the same type design, this AD requires inspection and replacement, if necessary, of the container latch release cables in accordance with the service bulletin previously mentioned.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable, and good cause exists for making this amendment effective in less than 30 days.

Although this action is in the form of a final rule, which involves an emergency and, thus, was not preceded by notice and public procedure, interested persons are invited to submit such written data, views, or arguments as they may desire regarding this AD. Communications should identify the docket number and be submitted in duplicate to the Federal Aviation Administration, Northwest Mountain Region, Office of the Regional Counsel (Attn: ANM-103), Attention: Airworthiness Rules Docket 86-NM-217-AD, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168. All communications received by the deadline indicated above will be considered by the Administrator, and the AD may be changed in light of the comments received.

The FAA has determined that this regulation is an emergency regulation that is not considered to be major under Executive Order 12291. It is impracticable for the agency to follow the procedures of Order 12291 with respect to this rule since the rule must be issued immediately to correct an unsafe condition in aircraft. It has been further determined that this document involves an emergency regulation under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). If this action is subsequently determined to involve a significant/major regulation, a final regulatory evaluation or analysis, as appropriate, will be prepared and placed in the regulatory docket

(otherwise, an evaluation is not required).

**List of Subjects in 14 CFR Part 39**

Aviation safety, Aircraft.

**Adoption of the Amendment**

**PART 39—[AMENDED]**

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends § 39.13 of Part 39 of the Federal Aviation Regulations (14 CFR 39.13) as follows:

1. The authority citation for Part 39 continues to read as follows:

**Authority:** (49 U.S.C. 1354(a)), 1421 and 1423; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

**§ 39.13 [Amended]**

2. By adding the following new airworthiness directive:

**British Aircraft Corporation:** Applies to Model 1-11, 200 and 400 series airplanes, modified in accordance with Air Cruisers Company STC SA840EA, as listed in Air Cruisers Company Alert Service Bulletin 203-25-A2, dated November 17, 1986, certificated in any category. Compliance required as indicated, unless previously accomplished.

To preclude the potential for jamming of the passenger or service doors, accomplish the following:

A. Within the next 10 hours time-in-service and at intervals not to exceed 120 hours time-in-service thereafter, perform the visual inspection of the container latch release cable, and replace, if necessary, in accordance with Air Cruisers Alert Service Bulletin 203-25-A2, dated November 17, 1986, or later FAA-approved revisions.

B. Prior to modification of any airplane in accordance with Air Cruisers Company STC SA840EA, visually inspect the container latch release cable and replace, if necessary, in accordance with Paragraph 3.0 of Air Cruisers Alert Service Bulletin 203-25-A2, dated November 17, 1986, or later FAA-approved revisions.

C. Inspections required by paragraph A., above, may be discontinued upon incorporation of a modification approved by the Manager, New York Aircraft Certification Office, FAA, New England Region.

D. Alternate means of compliance which provide an acceptable level of safety may be used when approved by the Manager, New York Aircraft Certification Office, FAA, New England Region.

E. Special flight permits may be issued in accordance with FAR 21.197 and 21.199 to operate airplanes to a location where the requirements of this AD may be accomplished.

All persons affected by this directive who have not already received the appropriate service information from the manufacturer may obtain copies upon request to Air Cruisers Company, P.O. Box 180, Belmar,



New Jersey 07719-0180. This information may be examined at FAA, Northwest Mountain Region, 17900 Pacific Highway South, Seattle, Washington, or FAA, New England Region, New York Aircraft Certification Office, 181 South Franklin Avenue, Room 202, Valley Stream, New York.

This amendment becomes effective December 19, 1986.

Issued in Seattle, Washington, on November 24, 1986.

Frederick M. Isaac,

Acting Director, Northwest Mountain Region.

[FR Doc. 86-26984 Filed 12-01-86; 8:45 am]

BILLING CODE 4910-13-M

## 14 CFR Part 39

[Docket No. 86-CE-30-AD; Amdt. 39-5475]

### Airworthiness Directives; Cessna 100 and 200 Series Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** This Amendment adopts a new Airworthiness Directive (AD), applicable to Cessna 100 and 200 Series airplanes. This AD requires modification of the airplanes by installing bolts, nuts and cotter pins on engine controls incorporating ball type rod ends in place of existing self locking nuts and undrilled bolts. Reports have been received of forced landings believed to have been caused by engine power interruption or fuel starvation due to loss of the throttle and/or mixture control attachment. The AD modification will prevent this unsafe condition from occurring.

**EFFECTIVE DATE:** January 7, 1987.

**Compliance:** As prescribed in the body of the AD.

**ADDRESSES:** Cessna Service Letter SE79-6 dated April 16, 1979, applicable to this AD may be obtained from the Cessna Aircraft Company, Customer Services, Post Office Box 1521, Wichita, Kansas 67201. A copy of this information is also contained in the Rules Docket located at the Federal Aviation Administration, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 86-CE-30-AD, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

**FOR FURTHER INFORMATION CONTACT:** Mr. Paul O. Pendleton, Aerospace Engineer, Wichita Aircraft Certification Office, Federal Aviation Administration, 1801 Airport Road, Room 100, Mid-Continent Airport, Wichita, Kansas 67209; Telephone (316) 946-4427.

### SUPPLEMENTARY INFORMATION: Discussion

A proposal to amend Part 39 of the Federal Aviation Regulations to include an AD requiring modification of the attachment of engine and propeller controls at the engine on certain Cessna 100 and 200 Series single-engine airplanes was published in the Federal Register on August 15, 1986 (51 FR 29258). The proposal resulted from a National Transportation Safety Board (NTSB) review of accident reports involving engine power loss due to separation of engine and propeller controls at the engine on these airplanes. The FAA has received 14 additional reports of accidents and incidents of engine power interruption and fuel starvation resulting in engine power loss and/or forced landings involving Cessna 100 series airplanes. The fuel starvation and engine power interruptions have occurred because the engine control attachments separated. Repeated use of the self locking nuts results in loss of nut retention capability. Subsequently, the control attach bolt separates from the control. Cessna has developed a control attachment modification which will preclude this situation. The FAA has determined that the Cessna modification is needed to correct an unsafe condition. Since the condition described is likely to exist or develop in other Cessna 100 and 200 series airplanes of the same design, the FAA proposed an AD that would require modification of the engine control system by the installation of bolts, nuts and cotter pins on those Cessna 100 and 200 Series airplanes not presently so equipped.

Interested persons including registered owners/operators of some 80,000 airplanes were afforded an opportunity to comment on the proposed AD. Only one comment was received. This comment was in favor of adopting the AD as proposed. No comments were received on the cost determination. Accordingly, the proposal is adopted without change except for a minor change in the model and serial number applicability list clarifying that airplane serial numbers 21058086 through 21062954 includes T210K through T210M models as well as 210C through 210M models.

The cost of modifying these airplanes as required by the AD is estimated to be \$30 per airplane or an estimated total cost of \$2,400,000 to the private sector. This amount is so small that compliance with the AD will not have a significant financial impact on any small entities owning affected airplanes.

Therefore, I certify that this action (1) is not a major rule under the provisions

of Executive Order 12291, (2) is not a significant rule under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979) and (3) will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation has been prepared for this action and has been placed in the public docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption "ADDRESSES".

### List of Subjects in 14 CFR Part 39

Air transportation, Aviation safety, Aircraft, Safety.

### Adoption of the Amendment

### PART 39—[AMENDED]

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends § 39.13 of Part 39 of the FAR as follows:

1. The authority citation for Part 39 continues to read as follows:

**Authority:** 49 U.S.C. 1354(a), 1421 and 1423; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

### § 39.13 [Amended]

2. By adding the following new AD:

**Cessna:** Applies to the following model and serial number single-engine airplanes certificated in any category manufactured thru Model year 1978 equipped with ball type rod ends on the engine controls.

| Models                              | Serial Numbers                 |
|-------------------------------------|--------------------------------|
| 150C thru 150M                      | S/N 15059701 thru 15079405.    |
| A150K thru A150M                    | S/N A1500001 thru A1500734.    |
| 152                                 | S/N 15279406 thru 15282031.    |
| A152                                | S/N A1520735 thru A1520808.    |
| 172D thru 172N                      | S/N 17249545 thru 17271034.    |
| R172K                               | S/N R1722000 thru R1722929.    |
| P172                                | S/N P17257120 thru P17257188.  |
| 177 thru 177B                       | S/N 17700001 thru 17702752.    |
| 177RG                               | S/N 177RG0001 thru 177RG1366.  |
| 180F thru 180K                      | S/N 18051184 thru 18053000.    |
| 182F thru 182Q                      | S/N 18254424 thru 18266590.    |
| R182                                | S/N R18200001 thru R18200583.  |
| 185B thru 185E                      | S/N 185-0513 thru 185-1599.    |
| A185E, A185F                        | S/N 18501600 thru 18503683.    |
| 188, A188                           | S/N 188-0001 thru 188-0572.    |
| A188A, 188B                         | S/N 18800573 thru 18803296.    |
| A188B                               | S/N 18800967T thru 18803296T.  |
| 205, 205A                           | S/N 205-0001 thru 205-0577.    |
| 206, U206                           | S/N 206-0001 thru 206-0275.    |
| U206A thru U206G                    | S/N U206-0276 thru U206-1444.  |
| TU206A thru TU206G                  | S/N U20601445 thru U2060469.   |
| P206, P206A thru P206E              | S/N P206-0001 thru P206-0603.  |
| TP206A thru TP206E                  | S/N P20600604 thru P20600647.  |
| 207, 207A, T207, T207A              | S/N 20700001 thru 20700482.    |
| 210C thru 210M and T210K thru T210M | S/N 21058086 thru 21062954.    |
| T210F thru T210J                    | S/N T210-00001 thru T210-0454. |
| P210N                               | S/N P21000501 thru P21000150.  |
| F150F thru F150M                    | S/N F150-0001 thru F150-0529.  |
|                                     | S/N F15000530 thru F15001428.  |
| FA150K, FA150L                      | S/N FA1500001 thru FA1500120.  |



| Models             | Serial Numbers                 |
|--------------------|--------------------------------|
| FRA150L, FRA150M   | S/N FRA1500121 thru FRA1500336 |
| F152               | S/N F15201429 thru F15201528   |
| FA152              | S/N FA1520337 thru FA1520347   |
| FP172              | S/N FP172-0001 thru FP172-0003 |
| F1720 thru F172N   | S/N F172-0001 thru F172-0654   |
| FR172E thru FR172K | S/N F17200655 thru F17201749   |
| F177RG             | S/N FR17200001 thru FR17200630 |
| F177RG             | S/N F177RG0001 thru F177RG0177 |
| F182P, F182Q       | S/N F18200001 thru F18200094   |
| FR182              | S/N FR18200001 thru FR18200020 |
| R172E thru R172H   | S/N R172-0001 thru R172-0409   |
|                    | S/N R1720410 thru R1720625     |

**Compliance:** Required within the next 100 hours time-in-service after the effective date of this AD, unless already accomplished.

To prevent engine power interruption due to loss of attachment of the engine controls, accomplish the following:

(a) Modify the engine controls installation by installing a drilled steel bolt, AN310 type castellated nut and a steel cotter pin in accordance with Cessna Single-Engine Customer Care Service Information Letter SE79-6.

(b) Airplanes may be flown in accordance with FAR 21.197 to a location where this AD can be accomplished.

(c) An equivalent means of compliance with this AD may be used if approved by the Manager, Wichita Aircraft Certification Office, Federal Aviation Administration, 1801 Airport Road, Room 100, Mid-Continent Airport, Wichita, Kansas 67209.

All persons affected by this directive may obtain copies of the document(s) referred to herein upon request to Cessna Aircraft Company, Customer Services, Post Office Box 1521, Wichita, Kansas 67201; or the FAA, Rules Docket, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

This amendment becomes effective on January 7, 1987.

Issued in Kansas City, Missouri, on November 21, 1986.

**Jerold M. Chavkin,**

*Acting Director, Central Region.*

[FR Doc. 86-26986 Filed 12-01-86; 8:45 am]

BILLING CODE 4910-13-M

#### 14 CFR Part 39

[Docket No. 86-CE-27-AD; Amendment 39-5444]

#### Airworthiness Directives; SOCATA Models TB10 and TB20 Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Correction of final rule.

**SUMMARY:** This action corrects Airworthiness Directive (AD) 86-21-08, Amendment 39-5444 (51 FR 37390), applicable to SOCATA TB10 and TB20 airplanes. This correction is necessary to correct an editorial error when the

AD was published in the Federal Register.

**EFFECTIVE DATE:** December 3, 1986.

#### FOR FURTHER INFORMATION CONTACT:

Mr. John P. Dow, Sr., FAA, ACE-109, 601 East 12th Street, Kansas City, Missouri 64106; Telephone (816) 374-6932.

#### SUPPLEMENTARY INFORMATION:

Subsequent to the issuance of AD 86-21-08, Amendment 39-5444 (51 FR 37390), applicable to SOCATA TB10 and TB20 airplanes, the FAA found that paragraph (c) of the AD included the word "proposed" when the AD was published in the Federal Register. Since the AD was issued as a final rule and not an NPRM, the word "proposed" is inappropriate. Therefore, action is taken herein to make this correction.

Therefore, since this action/correction imposes no additional burden to the public, notice and procedure hereon are unnecessary and contrary to the public interest, and good cause exists for making this amendment effective in less than 30 days.

#### List of Subjects in 14 CFR Part 39

Air transportation, Aviation safety, Aircraft, Safety.

1. The authority citation for Part 39 continues to read as follows:

**Authority:** 49 U.S.C. 1354(a), 1421 and 1423; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

2. By correcting the following AD:

In FR Doc. 86-CE-27-AD (51 FR 37390), appearing in the Federal Register of October 22, 1986, make the following correction:

Change paragraph (c) to read as follows:

An equivalent means of compliance with this AD may be used if approved by the Manager, Aircraft Certification Staff, AEU-100, Europe, Africa, and Middle East Office, FAA, c/o American Embassy, 1000 Brussels, Belgium.

All persons affected by this AD may obtain copies of the documents referred to herein upon request to SOCATA Groupe Aerospatiale, B.P. 38, 65001 Tarbes, France; or FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

Issued in Kansas City, Missouri, on November 18, 1986.

**Jerold M. Chavkin,**

*Acting Director, Central Region.*

[FR Doc. 86-26983 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

#### 14 CFR Part 71

[Airspace Docket No. 86-ANM-19]

#### Alteration of Portland, OR, Transition Area.

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Correction to final rule.

**SUMMARY:** This action corrects Federal Register Document 86-22247. This action is necessary to correct an error in the description of the Portland, Oregon, 700 foot transition area. The description of "that airspace 2.26 miles either side of the Newburg VORTAC 215°(T) radial between a point 13.5 nautical miles and 19.78 nautical miles" should be corrected to read "that airspace 2.26 nautical miles either side of the Newburg VORTAC 215°(T) radial between a point 12.5 nautical miles and 19.78 nautical miles."

**EFFECTIVE DATE:** 0901, UTC, December 18, 1986.

**FOR FURTHER INFORMATION CONTACT:** Robert L. Brown, ANM-534, Federal Aviation Administration, Docket No. 86-ANM-19, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168. Telephone: (206) 431-2534.

#### SUPPLEMENTARY INFORMATION:

#### History

Federal Register Document 86-22247 was published on October 2, 1986, 51 FR 35209 that redefined the geographical boundaries of the Portland, Oregon, 700 foot transition area. This action will provide additional controlled airspace to accommodate aircraft executing the VOR/DME-B approach to McMinnville Municipal Airport, McMinnville, Oregon.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.



## List of Subjects in 14 CFR Part 71

Aviation safety, Transition areas.

## Adoption of the Amendment; Correction

## PART 71—[AMENDED]

Accordingly, pursuant to the authority delegated to me, Part 71 of Federal Aviation Regulations (14 CFR Part 71) is amended, as follows:

1. The authority citation for Part 71 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

## §71.181 [Amended]

2. §71.181 is correctly amended to read as follows:

## Portland, Oregon, Transition Area (Amended)

That airspace extending upward from 700 feet above the surface bounded on the north by lat. 46°00'00" N, on the east by long. 122°00'00" W; thence via a line to lat. 45°51'00" N, long. 122°00'00" W; to lat. 45°51'00" N, long. 122°05'00" W; bounded on the south by lat. 45°10'00" N, and on the west by long. 123°30'00" W; including that airspace 2.26 miles either side of the Newburg VORTAC 215°(T) radial between a point 12.5 nautical miles and 19.78 nautical miles of the Newburg VORTAC 215°(T) radial; that airspace extending upward from 1,200 feet above the surface bounded on the north by a line beginning at a point 3 miles offshore at lat. 46°30'30" N, extending easterly via lat. 46°30'30" N, to long. 121°40'00" W; thence easterly along the south edge of V-204 to lat. 46°30'40" N, long. 120°36'00" W; on the east by V-25, on the south by V-536 to Corvallis, VOR; thence via lat. 44°30'00" N, to a point 3 miles offshore and on the west by a line 3 miles offshore to the point of beginning.

Issued in Seattle, Washington, on November 21, 1986.

William E. O'Neill,

Acting Manager, Air Traffic Division,  
Northwest Mountain Region.

[FR Doc. 86-26985 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

## DEPARTMENT OF ENERGY

Federal Energy Regulatory  
Commission

## 18 CFR Part 37

[Docket No. RM85-19-000]

Generic Determination of Rate of  
Return on Common Equity for Public  
Utilities; Correction

November 24, 1986.

AGENCY: Federal Energy Regulatory  
Commission (Commission).

**ACTION:** Notice of update to benchmark rate of return on common equity for public utilities; errata.

**SUMMARY:** The Commission is correcting an error in the Notice of Update to Benchmark Rate of Return on Common Equity for Public Utilities which appeared in the *Federal Register* on October 21, 1986 (51 FR 37265). Footnote 4 of the main text and Exhibit 2 of the Appendix erroneously suggest that Centerior Energy Corp. reduced its dividend rate in the quarter ending September 30, 1986. The dividend rate was not reduced.

Correcting this error does not affect the benchmark rate of return of 12.25 percent that applies to the period November 1986 through January 1987.

**FOR FURTHER INFORMATION CONTACT:** Ronald L. Rattey, Office of Regulatory Analysis, Federal Energy Regulatory Commission, 825 North Capitol Street NE., Washington, DC 20426, (202) 357-8293.

## SUPPLEMENTARY INFORMATION:

Update to Benchmark Rate of Return on  
Common Equity for Public Utilities;  
Errata

The following corrections are made in Generic Determination of Rate of Return on Common Equity for Public Utilities published in the *Federal Register* on October 21, 1986 at 51 FR 37265:

1. On page 37265, footnote 4 in column three is revised to read:

Centerior Energy Corp. was excluded from the sample used to determine the median dividend yield for the quarter ending September 30, 1986. It was included in the sample for the prior quarter. Whether Centerior should have been included or excluded from the sample in either quarter is arguable. Since there is no effect on the benchmark rates (and only minor effects on the cost of common equity estimates), the issue of how to treat the company for these two quarters is considered moot.

2. On page 37268, the second line of the table which reads:

"CS CENTERIOR ENERGY CORP  
DIVIDEND RATE REDUCED IN  
QUARTER ENDING 09/30/86" is  
removed.

Kenneth F. Plumb,  
Secretary.

[FR Doc. 86-27054 Filed 11-28-86; 8:45 am]

BILLING CODE 6717-01-M

DEPARTMENT OF HEALTH AND  
HUMAN SERVICES

## Food and Drug Administration

## 21 CFR Part 814

[Docket No. 79N-0009]

Premarket Approval of Medical  
Devices; Office of Management and  
Budget Approval and Confirmation of  
Effective Date

AGENCY: Food and Drug Administration.

ACTION: Final rule.

**SUMMARY:** The Food and Drug Administration (FDA) is announcing that the Office of Management and Budget (OMB) has approved the collection of information requirements in the final rule on premarket approval of medical devices subject to certain conditions. In addition, FDA is confirming the effective date of the final rule.

**EFFECTIVE DATE:** November 19, 1986.

**FOR FURTHER INFORMATION CONTACT:** Joseph M. Sheehan, Center for Devices and Radiological Health (HFZ-84), Food and Drug Administration, 5600 Fishers Lane, Rockville, MD 20857, 301-443-4874.

**SUPPLEMENTARY INFORMATION:** In the *Federal Register* of July 22, 1986 (51 FR 26342) (corrected at 51 FR 40414), FDA published a final rule (21 CFR Part 814) to prescribe the contents of a premarket approval application (PMA) for a medical device and the criteria FDA will apply in approving, disapproving, or withdrawing approval of a PMA. In the preamble to the final rule (51 FR 26364), FDA announced that the collection of information requirements contained in §§ 814.15(b), 814.20, 814.39, 814.82, and 814.84 had been submitted to OMB for approval under the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35) and § 1320.13(g) of OMB's regulations (5 CFR 1320.13(g)). The agency also stated that these collection of information requirements would not become effective until FDA obtained OMB approval of them, and that FDA would publish in the *Federal Register* a notice of OMB's decision to approve, modify, or disapprove them.

On October 20, 1986, OMB sent FDA a notice of action stating that the collection of information requirements are approved for use through September 30, 1989, under OMB Control No. 0910-0231. In its remarks accompanying its notice of action, OMB stated in pertinent part:



1. Under § 814.20(b)(3)(iv), applicants would only be required to report information that is actually known to the applicant.

2. Under § 814.20(b)(3), the summary would only be required to contain brief statements of major points and would typically be no longer than 10 to 15 pages in length.

3. Under § 814.20(b)(5), manufacturers would only be required to report on voluntary standards that were specifically applicable and that were developed in accordance with FDA's policy statement on standards development (50 FR 43081). Upon request, FDA will provide to applicants a complete list of standards meeting these criteria that are applicable to their device.

4. Under § 814.20(b)(10), current practice would not change for labeling, and advertising (that is not also labeling) would not be required to be reviewed prior to approval of the device.

5. Under § 814.20(e), periodic reports would be limited to studies sponsored by the applicant or to which the applicant has reasonable access.

6. Under § 814.39(b), trivial changes, such as changes in the color of the label, would not have to be reported in the periodic report.

7. Under § 814.82(a)(4), if patient I.D. cards are required in situations when devices are sold directly to health practitioners, it will be the manufacturer's responsibility: (1) To supply such cards directly to practitioners for distribution to patients and (2) to take reasonable steps to obtain from the practitioners patient identity information.

8. Under § 814.84(b)(2)(i), "related" devices shall mean devices that are the same or substantially similar.

Thus the final rule, including those sections containing collection of information requirements listed above, will become effective on November 19, 1986.

#### List of Subjects in 21 CFR Part 814

Administrative practice and procedure, Medical devices, Premarket approval, Reporting and recordkeeping requirements.

Therefore, under the Federal Food, Drug, and Cosmetic Act and the Freedom of Information Act and under authority delegated to the Commissioner of Food and Drugs, Part 814 is amended as follows:

#### PART 814—PREMARKET APPROVAL OF MEDICAL DEVICES

The authority citation for 21 CFR Part 814 is revised to read as follows:

Authority: Secs. 501-503, 510, 513-520, 701(a), 702, 703, 704, 705, 706, 708, and 801, 52 Stat. 1049-1058 as amended, 67 Stat. 477 as amended, 74 Stat. 399-407 as amended, 76 Stat. 794-795 as amended, 90 Stat. 540-574, 582-583 (21 U.S.C. 351, 352, 353, 360, 360c-360j, 371(a), 373, 374, 375, 379, 381); Pub. L. 90-23, 81 Stat. 54-56 as amended by 88 Stat. 1561-1565 (5 U.S.C. 552); 21 CFR 5.10, 5.11.

#### §§ 814.15, 814.20, 814.39, 814.82, and 814.84 (Amended)

2. Sections 814.15, 814.20, 814.39, 814.82, and 814.84 are amended by adding at the end of each section "(Approved by the Office of Management and Budget under control No. 0910-0231)."

Dated: November 25, 1986.

John M. Taylor,

Associate Commissioner for Regulatory Affairs.

[FR Doc. 86-26988 Filed 11-26-86; 11:12 am]

BILLING CODE 4160-01-M

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[T.D. 8107]

#### Income Tax; Taxable Years Beginning After December 31, 1953; Taxable Years to Which the Net Operating Loss of a Real Estate Investment Trust May Be Carried

**AGENCY:** Internal Revenue Service, Treasury.

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations under section 172(b)(1)(E). These amendments will conform the regulations to changes made by the Act of December 24, 1980 (Pub. L. 96-595), the Economic Recovery Tax Act of 1981, and the Technical Corrections Act of 1982. These regulations provide guidance to officers and employees of the Internal Revenue Service and the public with respect to the taxable years to which a net operating loss of a real estate investment trust (hereinafter REIT) may be carried.

**DATE:** These regulations are generally effective for net operating losses in taxable years ending after December 31, 1975; however, the regulations conforming to section 207(a)(2)(B)(i) of the Economic Recovery Tax Act of 1981 (§ 1.172-10(a)(3)) shall apply to the determination of the net operating loss deduction for taxable years ending after October 4, 1976, for net operating losses sustained in taxable years ending after December 31, 1972.

**FOR FURTHER INFORMATION CONTACT:** Mitchell H. Rapaport of the Legislation and Regulations Division, Office of the Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224 (Attention: CC:LR:T) (202-566-3740).

#### Background

On June 26, 1984, the Federal Register published proposed amendments to the Income Tax Regulations (26 CFR Part 1) under section 172 of the Internal Revenue Code of 1954 (49 FR 26102). The amendments were proposed to conform the regulations to the amendments made by section 1606 of the Tax Reform Act of 1976 (Pub. L. 94-455, 90 Stat. 1755), section 1 of the Act of December 24, 1980 (Pub. L. 96-595, 94 Stat. 3464) and by section 207 (a) and (c) (1) and (3) of the Economic Recovery Tax Act of 1981 (Pub. L. 97-34, 95 Stat. 225, 226) (as amended by section 102 (d) (1) and (2) of the Technical Corrections Act of 1982 (Pub. L. 97-448, 96 Stat. 2370)). The proposed regulations also contained amendments to update the existing regulations under section 172 and delete provisions that are no longer applicable. The Service did not receive any written comments in response to the notice of proposed rulemaking. No public hearing was requested or held. Accordingly, the proposed regulations are adopted as proposed.

#### Non-Applicability of Executive Order 12291

The Commissioner of Internal Revenue has determined that this final rule is not a major rule as defined in Executive Order 12291 and that a regulatory impact analysis is not required.

#### Regulatory Flexibility Act

Although a notice of proposed rulemaking that solicited public comment was issued, the Internal Revenue Service concluded when the notice was issued that the regulations are interpretative and that the notice and public procedure requirements of 5 U.S.C. 553 did not apply. Accordingly, the final regulations do not constitute regulations subject to the Regulatory Flexibility Act (5 U.S.C. chapter 6).

#### Drafting Information

The principal author of these regulations is Mitchell H. Rapaport of the Legislation and Regulations Division of the Office of the Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and the Treasury Department participated in



developing the regulations, on matters of both substance and style.

#### List of Subjects

26 CFR 1.61-1—1.281-1

Income taxes, Taxable income, Deductions, Exemptions.

26 CFR 1.851-1—1.860-1

Income taxes, Investment companies, Real estate investment trusts.

26 CFR 1.6411-1—1.6425-3

Income taxes, Administration and procedure, Abatements, Credits, Refunds.

Amendments to the regulations

#### PART 1—[AMENDED]

The amendments to 26 CFR Part 1 are as follows:

**Paragraph 1.** The authority for Part 1 continues to read in part:

Authority: 26 U.S.C. 7805. \* \* \*

**Par. 2.** Section 1.172-1 is amended by removing paragraph (f), by redesignating paragraphs (g) and (h) as paragraphs (f) and (g), respectively, and by revising paragraph (e) to read as follows:

#### § 1.172-1 Net operating loss deduction.

(e) *Law applicable to computations.*

(1) In determining the amount of any net operating loss carryback or carryover to any taxable year, the necessary computations involving any other taxable year shall be made under the law applicable to such other taxable year.

(2) The net operating loss for any taxable year shall be determined under the law applicable to that year without regard to the year to which it is to be carried and in which, in effect, it is to be deducted as part of the net operating loss deduction.

(3) The amount of the net operating loss deduction which shall be allowed for any taxable year shall be determined under the law applicable to that year.

**Par. 3.** Section 1.172-2 is revised to read as follows:

#### § 1.172-2 Net operating loss in case of a corporation.

(a) *Modification of deductions.* A net operating loss is sustained by a corporation in any taxable year if and to the extent that, for such year, there is an excess of deductions allowed by chapter 1 of the Code over gross income computed thereunder. In determining the excess of deductions over gross income for such purpose—

(1) *Items not deductible.* No deduction shall be allowed under—

(i) Section 172 for the net operating loss deduction, and

(ii) Section 922 in respect of Western Hemisphere trade corporations;

(2) *Dividends received.* The 85-percent limitation provided by section 246(b) shall not apply to the deductions otherwise allowed under—

(i) Section 243(a) in respect of dividends received from domestic corporations.

(ii) Section 244 in respect of dividends received on preferred stock of public utilities, and

(iii) Section 245 in respect of dividends received from foreign corporations; and

(3) *Dividends paid.* The deduction granted by section 247 in respect of dividends paid on the preferred stock of public utilities shall be computed without regard to subsection (a)(1)(B) of Section 247.

(b) *Example.* The following example illustrates the application of paragraph (a):

*Example.* For the calendar year 1981, the X corporation has a gross income of \$400,000 and total deductions allowed by chapter 1 of the Code of \$375,000 exclusive of any net operating loss deduction and exclusive of any deduction for dividends received or paid. Corporation X in 1981 received \$100,000 of dividends entitled to the benefits of section 243(a). These dividends are included in Corporation X's \$400,000 gross income. Corporation X has no other deductions to which section 172(d) applies. On the basis of these facts, Corporation X has a net operating loss for the year 1981 of \$60,000, computed as follows:

|   |           |
|---|-----------|
| Deductions for 1981 .....   | \$375,000 |
| Plus: Deduction for dividends received, computed without regard to the limitation provided in section 246(b) (85% of \$100,000) ..... | 85,000    |
| Total .....   | 460,000   |
| Less: Gross income for 1981 (including \$100,000 dividends) .....   | 400,000   |
| Net operating loss for 1981 ....  | 60,000    |

(c) *Qualified real estate investment trusts.* For taxable years ending after October 4, 1976, the net operating loss of a qualified real estate investment trust (as defined in § 1.172-10(b)) is computed by taking into account the adjustments described in section 857(b)(2) (other than the deduction for dividends paid, as defined in section 561), as well as the modifications required by paragraph (a)(1) of this section. Thus, for example, the special deductions for dividends received, etc., provided in part VIII of subchapter B (other than section 248), as

well as the net operating loss deduction under section 172, are not allowed in computing the net operating loss of a qualified real estate investment trust.

#### § 1.172-3 [Amended]

**Par. 4.** Section 1.172-3 is amended as follows:

1. Paragraph (a) is amended by removing the phrase "beginning after December 31, 1953," by removing "of 1954", and by removing the clause; this rule shall apply even though the loss year is otherwise subject to the Internal Revenue Code of 1939." and by adding a period after the word "thereunder";

2. Paragraph (b) is amended by removing the phrase "in case of a taxable year beginning after December 31, 1963,";

3. Paragraph (e) is removed; and

4. Paragraph (f) is redesignated as paragraph (e).

**Par. 5.** Section 1.172-4 is amended as follows:

1. Paragraph (a)(5) is removed;

2. Existing paragraph (a)(6), (7), and (8) are redesignated as paragraph (a)(5), (6), and (7), respectively;

3. Newly redesignated paragraph (a)(7) is amended by removing "1371" and adding "1361" in lieu thereof and by removing "(g)" and adding "(f)" in lieu thereof; and

4. Paragraphs (a)(1) and (b) are revised to read as follows:

#### § 1.172-4 Net operating loss carrybacks and net operating loss carryovers.

(a) *General provisions—*(1) *Years to which loss may be carried—*(i) *In general.* In order to compute the net operating loss deduction the taxpayer must first determine the part of any net operating losses for any preceding or succeeding taxable years which are carrybacks or carryovers to the taxable year in issue.

(ii) *General rule for carrybacks and carryovers.* Except as provided in section 172 (b)(1)(C), (D), (E), (F), (G), (H), (I), and (J), paragraphs (a)(1)(iii), (iv), (v), and (vi) of this section, and § 1.172-10(a), a net operating loss shall be carried back to the 3 preceding taxable years and carried over to the 15 succeeding taxable years (5 succeeding taxable years for a loss sustained in a taxable year ending before January 1, 1976).

(iii) *Loss of a regulated transportation corporation.* Except as provided in subdivision (iv) of this subparagraph and § 1.172-10(a), a net operating loss sustained by a taxpayer which is a regulated transportation corporation (as defined in section 172(g)(1)) in a taxable year ending before January 1, 1976,



shall, subject to the provisions of section 172(g) and § 1.172-8, be carried back to the taxable years specified in paragraph (a)(1)(ii) of this section and shall be carried over to the 7 succeeding taxable years.

(iv) *Loss attributable to foreign expropriation.* If the provisions of section 172(b)(3)(A) and § 1.172-9 are satisfied, the portion of a net operating loss attributable to a foreign expropriation loss (as defined in section 172(h)) shall not be a net operating loss carryback to any taxable year preceding the taxable year of such loss and shall be a net operating loss carryover to each of the 10 taxable years following the taxable year of such loss.

(v) *Loss of a financial institution.* A net operating loss sustained in a taxable year beginning after December 31, 1975, by a taxpayer to which section 585, 586, or 593 applies shall be carried back (except as provided in § 1.172-10(a)) to the 10 preceding taxable years and shall be carried over to the 5 succeeding taxable years.

(vi) *Loss of a Bank for Cooperatives.* A net operating loss sustained by a taxpayer which is a Bank for Cooperatives (organized and chartered pursuant to section 2 of the Farm Credit Act of 1933 (12 U.S.C. 1134)) shall be carried back (except as provided in § 1.172-10(a)) to the 10 preceding taxable years and shall be carried over to the 5 succeeding taxable years.

(b) *Portion of net operating loss which is a carryback or a carryover to the taxable year in issue.* (1) A net operating loss shall first be carried to the earliest of the several taxable years for which such loss is allowable as a carryback or a carryover, and shall then be carried to the next earliest of such several taxable years, etc. Except as provided in § 1.172-9, the entire net operating loss shall be carried back to such earliest year.

(2) The portion of the loss which shall be carried to any of such several taxable years subsequent to the earliest taxable year is the excess of such net operating loss over the sum of the taxable incomes (computed as provided in § 1.172-5) for all of such several taxable years preceding such subsequent taxable year.

(3) If a portion of the net operating loss for a taxable year is attributable to a foreign expropriation loss (as defined in section 172(h)) and if an election under paragraph (c) of § 1.172-9 is made with respect to such portion of the net operating loss, then see § 1.172-9 for the separate treatment of such portion of the net operating loss.

#### § 1.172-5 [Amended]

Par. 6. Section 1.172-5 is amended as follows:

1. Paragraph (a)(1) is removed;
2. Paragraph (a) (2), (3), (4), and (5) are redesignated as paragraph (a) (1), (2), (3), and (4), respectively;
3. Newly redesignated (a)(3) is amended by removing "1371" and adding "1361" in lieu thereof and by removing "paragraph (g)" and adding "paragraph (f)" in lieu thereof;
4. Newly redesignated (a)(4) is amended by removing "§ 1.172-12(b)" and adding "§ 1.172-10(b)" in both places that "§ 1.172-12(b)" appears and by removing "paragraph (a)(3)" and "paragraph (a)(3)(i)" and adding "paragraph (a)(2)" and "paragraph (a)(2)(i)", respectively, in lieu thereof; and
5. Paragraph (b) is removed and reserved.

#### § 1.172-7 [Amended]

Par. 7. Paragraph (a) of § 1.172-7 is amended by removing the last sentence thereof.

#### § 1.172-8 [Removed]

Par. 8. Section 1.172-8 is removed.

#### § 1.172-9 [Removed]

Par. 9. Section 1.172-9 is removed.

Par. 10. Section 1.172-10 is redesignated as § 1.172-8 and amended as follows:

1. Paragraph (d) is removed.
2. Paragraph (e) is redesignated as paragraph (d); and
3. Paragraph (a) is revised to read as follows:

#### § 1.172-8 Net operating loss carryovers for regulated transportation corporations.

(a) *In general.* A net operating loss sustained in a taxable year ending before January 1, 1976, shall be a carryover to the 7 succeeding taxable years if the taxpayer is a regulated transportation corporation (as defined in paragraph (b) of this section) for the loss year and for the 6th and 7th succeeding taxable years. If, however, the taxpayer is a regulated transportation corporation for the loss year and for the 6th succeeding taxable year, but not for the 7th succeeding taxable year, then the loss shall be a carryover to the 6 succeeding taxable years. If the taxpayer is not a regulated transportation corporation for the 6th succeeding taxable year then this section shall not apply. A net operating loss sustained in a taxable year ending after December 31, 1975, shall be a carryover to the 15 succeeding taxable years.

#### § 1.172-9 [Redesignated from § 1.172-11 and Amended]

Par. 11. Section 1.172-11 is redesignated as § 1.172-9 and amended as follows:

1. Paragraph (c)(2) is removed;
2. Paragraph (c)(3) is redesignated as paragraph (c)(2) and is amended by removing "subparagraphs (1) and (2)" and adding "subparagraph (1)" in lieu thereof, by removing "172(b)(3)(C)(ii)" and adding "172(b)(3)(A)(ii)" in lieu thereof, and by removing the flush material under paragraph (iv);
3. Paragraph (d) is removed;
4. Paragraphs (e) and (f) are redesignated respectively as paragraphs (d) and (e) and are amended by removing "paragraph (a)(1)(v)" and adding "paragraph (a)(1)(iv)" in each place it appears; and
5. Newly redesignated paragraph (d) is further amended by removing "paragraph (c)" from paragraph (1) and adding "paragraph (a)" in lieu thereof and by removing "paragraph (c)(2)" from paragraph (3), Example (1) and adding "paragraph (a)" in lieu thereof.

Par. 12. Section 1.172-12 is redesignated as § 1.172-10 and amended as follows:

1. Paragraph (a)(2) is redesignated as paragraph (a)(8);
2. Paragraph (c) is redesignated as paragraph (d);
3. Newly redesignated paragraph (d) is amended by removing "§§ 1.172-2(e)" and adding "§§ 1.172-2(c)" in its place; and
4. New paragraphs (a) (1) through (7) and (c) are added to read as follows:

#### § 1.172-10 Net operating losses of real estate investment trusts.

(a) *Taxable years to which a loss may be carried.* (1) A net operating loss sustained by a qualified real estate investment trust (as defined in paragraph (b)(1) of this section) in a qualified taxable year (as defined in paragraph (b)(2) of this section) ending after October 4, 1976, shall not be carried back to a preceding taxable year.

(2) A net operating loss sustained by a qualified real estate investment trust in a qualified taxable year ending before October 5, 1976, shall be carried back to the 3 preceding taxable years. However, see § 1.857-2(a)(5), which does not allow the net operating loss deduction in computing real estate investment trust taxable income for taxable years ending before October 5, 1976.

(3) A net operating loss sustained by a qualified real estate investment trust in a qualified taxable year ending after December 31, 1972, shall be carried over



to the 15 succeeding taxable years. However, see § 1.857-2(a)(5).

(4) A net operating loss sustained by a qualified real estate investment trust in a qualified taxable year ending before January 1, 1973, shall be carried over to 8 succeeding taxable years. However, see § 1.857-2(a)(5).

(5) A net operating loss sustained in a taxable year for which the taxpayer is not a qualified real estate investment trust generally may be carried back to the 3 preceding taxable years; however, a net operating loss sustained in a taxable year ending after December 31, 1975, shall not be carried back to any qualified taxable year. However, see § 1.857-2(a)(5), with respect to a net operating loss sustained in a taxable year ending before January 1, 1976.

(6) A net operating loss sustained in a taxable year ending after December 31, 1975, for which the taxpayer is not a qualified real estate investment trust generally may be carried over to the 15 succeeding taxable years.

(7)(i) A net operating loss sustained in a taxable year ending before January 1, 1986, for which the taxpayer is not a qualified real estate investment trust generally may be a net operating loss carryover to each of the 5 succeeding taxable years. However, where the loss was a net operating loss carryback to one or more qualified taxable years, the net operating loss, in accordance with paragraph (a)(7)(ii) of this section shall be—

(A) Carried over to the 15 succeeding taxable years if the loss could be a net operating loss carryover to a taxable year ending in 1981, or

(B) Carried over to the 5, 6, 7, or 8 succeeding taxable years if paragraph (a)(7)(i)(A) of this section does not apply.

(ii) For purposes of determining whether a net operating loss could be a carryover to a taxable year ending in 1981 under paragraph (a)(7)(i)(A) of this section or, where paragraph (a)(7)(i)(A) of this section does not apply, to determine the actual carryover period under paragraph (a)(7)(i)(B) of this section, the net operating loss shall have a carryover period of 5 years, and such period shall be increased (to a number not greater than 8) by the number of qualified taxable years to which such loss was a net operating loss carryback; however, where the taxpayer acted so as to cause itself to cease to be a qualified real estate investment trust and the principal purpose for such action was to secure the benefit of the allowance of a net operating loss carryover under section 172(b)(1)(B), the net operating loss carryover period shall

be limited to 5 years. However, see § 1.857-2(a)(5).

(c) *Examples.* The provisions of this section may be illustrated by the following examples:

*Example (1)—(i) Facts.* X was a qualified real estate investment trust for the taxable years ending on December 31, 1972, and December 31, 1973. X was not a qualified real estate investment trust for the taxable years ending on December 31, 1971, and December 31, 1974. X sustained a net operating loss for the taxable year ending on December 31, 1974.

(ii) *Applicable carryback and carryover periods.* The net operating loss must be carried back to the 3 preceding taxable years. Under § 1.857-2(a)(5) the net operating loss deduction shall not be allowed in computing real estate investment trust taxable income for the years ending December 31, 1972, and December 31, 1973. Where a net operating loss is sustained in a taxable year ending before January 1, 1976, for which the taxpayer is not a qualified real estate investment trust and the loss is a net operating loss carryback to one or more qualified taxable years, the carryover period is determined under § 1.172-10(a)(7); the carryover period is determined by first applying the rule provided in paragraph (a)(7)(ii) of this section to obtain the carryover period for purposes of determining whether the net operating loss could have been a net operating loss carryover to a taxable year ending in 1981. Under these facts, paragraph (a)(7)(ii) of this section provides for a 7-year carryover period (5 years increased by the 2 qualified taxable years to which the loss was a net operating loss carryback); therefore, since the carryover period provided for by paragraph (a)(7)(ii) of this section would allow the net operating loss to be a net operating loss carryover to a taxable year ending in 1981, under paragraph (a)(7)(i)(A) of this section the applicable carryover period is 15 years (provided that X did not act so as to cause itself to cease to qualify as a real estate investment trust for the principal purpose of securing the benefit of a net operating loss carryover under section 172(b)(1)(B)).

*Example (2)—(i) Facts.* The facts are the same as in *example (1)* except that the taxable year ending December 31, 1973, was not a qualified taxable year for X.

(ii) *Applicable carryback and carryover periods.* The net operating loss must be carried back to the 3 preceding taxable years. Section 1.857-2(a)(5) provides that the net operating loss deduction shall not be allowed in computing real estate investment trust taxable income for the year ending December 31, 1972. Under these facts the carryover period is determined under § 1.172-10(a)(7). Paragraph (a)(7)(ii) of this section provides for a 6 year carryover period (5 years increased by the 1 qualified taxable year to which the loss was a net operating loss carryback); therefore, since a 6 year carryover period would not allow the net operating loss to be a net operating loss carryover to a taxable year ending in 1981, paragraph (a)(7)(i)(A) of this section does not apply. Where the rule stated in paragraph

(a)(7)(i)(A) of this section does not apply, paragraph (a)(7)(i)(B) of this section provides that the applicable carryover period is the carryover period determined under paragraph (a)(7)(ii) of this section, which, in this case, is 6 years (provided that the principal purpose for X acting so as to cause itself to cease to qualify as a real estate investment trust was not to secure the benefit of the allowance of a net operating loss carryover under section 172(b)(1)(B)).

#### § 1.857-6 [Amended]

Par. 13. Paragraph (e)(1)(ii) of § 1.857-6 is amended by removing "1.172-5(a)(5)" and by adding "§ 1.172-5(a)(4)" in lieu thereof.

#### § 1.6411-1 [Amended]

Par. 14. Paragraph (d) of § 1.6411-1 is removed.

Lawrence B. Gibbs,  
Commissioner of Internal Revenue.

Approved: November 14, 1986.  
J. Roger Mentz,  
Assistant Secretary of the Treasury.  
[FR Doc. 86-26908 Filed 12-1-86; 8:45 am]  
BILLING CODE 4830-01-M

## DEPARTMENT OF TRANSPORTATION

### Coast Guard

#### 33 CFR Part 166

[CGD 81-103]

#### Shipping Safety Fairways; Alaska

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

**SUMMARY:** This rule establishes two new shipping safety fairways off the southern coast of Alaska in the approaches to Prince William Sound and through Unimut Pass. This action is necessary to permit vessels to navigate safely through areas of the northern Gulf of Alaska and around the Alaska Peninsula. These shipping safety fairways are intended to increase navigation safety in areas subject to offshore drilling activities by providing corridors where fixed offshore structures are not permitted.

**EFFECTIVE DATE:** January 2, 1987.

**FOR FURTHER INFORMATION CONTACT:** Lieutenant (j.g.) Daphne Reese, Project Manager, Office of Navigation (G-NSS-2), room 1606, U.S. Coast Guard Headquarters, 2100 Second St. SW., Washington, DC 20593 (202) 267-0364.

**SUPPLEMENTARY INFORMATION:** A notice of proposed rulemaking (NPRM) concerning the shipping safety fairways in this final rule was published on February 6, 1986 (51 FR 4615). Interested persons were given until May 7, 1986, to



submit comments. A public hearing was not held on this matter.

#### Drafting Information

The principal persons involved in drafting this rulemaking are: Lieutenant (j.g.) Daphne Reese, Project Manager, Office of Navigation, and Lieutenant Sandra Sylvester, Project Attorney, Office of Chief Counsel.

#### Background

In 1978, the Ports and Waterways Safety Act (PWSA) was amended to authorize the Coast Guard to establish shipping safety fairways (33 U.S.C. 1223(c)). Prior to this amendment, fairways were established by the Corps of Engineers (COE) as areas in which no permits for structures were issued. Although the Coast Guard now designates the fairways, the authority to issue permits for structures remains with the COE.

A shipping safety fairway is an area or corridor of a waterway where the right of navigation is paramount over other uses, and where no fixed structures are permitted. A fixed structure in a fairway would be an obstruction to navigation. The fairways exist to ensure structures are not erected during development and production of offshore resources which would hinder safe access to ports. Although the fairways established by this rulemaking will be indicated on navigation charts, the use of fairways by vessels is voluntary.

The authority to create a fairway may be exercised by the Coast Guard only after a study of potential traffic density and use conflicts has been conducted to determine the need for designated safe access routes for vessels proceeding to and from United States ports (33 U.S.C. 1223(c)(3)). The results of a port access route study could cause restrictions in the manner in which specific offshore areas are leased after the date of the study notice. The study for this rulemaking was initiated by a notice in the Federal Register on April 16, 1979 (44 FR 22543, modified January 31, 1980, at 45 FR 7027). Study results for the ports along the southern coast of Alaska were published in the Federal Register on December 14, 1981 (46 FR 61049).

The study concluded that two shipping safety fairways are necessary in Alaskan waters. One is intended to provide safe routing to and from Prince William Sound through Outer Continental Shelf (OCS) areas of the northern Gulf of Alaska for vessels proceeding to and from the Trans-Alaska Pipeline (TAPS) terminal at Valdez. The other is to provide safe routing through Unimak Pass, which is a

major route for vessels rounding the Alaska Peninsula as well as a Great Circle route from western United States ports to the Far East. This rulemaking will implement these study findings. The notice of proposed rulemaking modified the geographical descriptions of Prince William Sound and Unimak Pass Safety Fairway as recommended in the port access study results (46 FR 61049).

Whereas the study results described the fairways using centerlines, this rulemaking describes the fairways using outside boundaries. These modifications in the descriptions of the fairways are based on plotting by the National Ocean Service (NOS) and do not affect the actual dimensions of the fairways as published in the study results.

After the fairway recommendation was announced in 1981, the Seventeenth Coast Guard District initiated a study on February 27, 1984 (49 FR 7180) to determine whether a traffic separation scheme (TSS) was needed in the Unimak Pass area. A TSS is a routing measure which separates opposing vessel traffic into directional lanes. Once a vessel is within a TSS, it is governed by Rule 10 of the International Regulations for Preventing Collisions at Sea (COLREGS). Rule 10 imposes several specific operating requirements on a vessel. The study results concluded that the current and anticipated traffic patterns and density do not indicate a need for the specific operating requirements of a TSS in Unimak Pass at this time. These results were published on March 18, 1985 (50 FR 10878). The study results also reconfirmed the need for the safety fairway recommended for Unimak Pass (46 FR 61049) to ensure vessel traffic would not be obstructed by fixed structures.

The Minerals Management Service (MMS) of the Department of Interior (DOI) has identified three lease sales of offshore tracts in the areas off Prince William Sound and Unimak Pass. Sale 88 (Gulf of Alaska/Cook Inlet) and Sale 89 (St. George Basin) are both currently on hold due to current low industry interest and a lack of commercial discovery announcements. Sales 88 and 89 contain blocks which would be affected by the proposed fairways. Sale 92 (North Aleutian Basin) was scheduled for January 1986, but the opening of bids on the sale was barred by an injunction from an Alaskan court. Sale 92 includes no blocks affected by the fairways in this rulemaking. In a letter to the Coast Guard, the MMS resource evaluation staff estimated "the economically recoverable resources in the areas proposed for fairway use are negligible."

The NOS surveyed the proposed Alaska fairway approach to Prince William Sound in June, July, and August 1984, to check the depth of water in the area and look for possible underwater obstructions. The NOS, in a letter to the Coast Guard, reported "no significant changes in depth and no indication of pinnacle rocks within the proposed fairway."

This rulemaking will establish a new shipping safety fairway system in the approaches to Prince William Sound. The fairway would be forked and would consist of three segments. Segment (1) is a fairway extending southeast from Cape Hinchinbrook in which inbound and outbound traffic will navigate. Segment (2) is a two mile wide fairway which would be recommended for inbound traffic approaching the two-way fairway. Segment (3) is a two-mile-wide fairway which would be recommended for outbound traffic departing the two-way fairway. Traffic directions within segments (2) and (3) will not be mandatory. Appropriate use of the fairway will be encouraged by indicating the recommended direction on nautical charts.

Segment (1) provides adequate maneuvering room for two-way traffic. The two mile width of segments (2) and (3) is adequate for one way traffic, especially in view of their separation. The non-fairway area between the inbound and outbound fairways would be 3.5 nautical miles wide at the northern end and expand to 5.5 nautical miles wide at the southern terminus. This configuration is considered best to resolve the conflict between the need for vessel safety and exploration and exploitation of mineral resources.

This rulemaking will establish a new shipping safety fairway system in Unimak Pass. Unimak Pass is the major route through the Aleutian Islands chain. Deep draft vessels currently transit this area while navigating the Great Circle route from western U.S. ports to the Far East. The new fairway will ensure no structures are erected in this major corridor and will increase navigation safety through areas of offshore drilling. The fairway would be in two sections, each four miles wide. The first section runs approximately east/west and is approximately 120 miles long. The second section runs approximately north/south and is approximately 23 miles long. No recommended directional routing is proposed within the fairway although vessels would ordinarily tend to stay to the right of the fairway when meeting traffic.



## Discussion of Comments

Four comments were received in response to the NPRM published on February 6, 1986. All comments were favorable. Two of the comments were from oil companies and supported the rulemaking recognizing that maritime safety has an overriding interest at this time. The oil companies submitted comments because they are major charterers of U.S. Flag tanker tonnage which transports Alaskan North Slope crude from the terminal of Valdez to ports in the continental United States. One of the comments was from a maritime trade association and supported the fairways as proposed in the NPRM. One of the comments was from the National Ocean Service (NOS) and was informational. The NOS reviewed the NPRM and reported the fairways to be in areas where surveys are adequate for charting purposes and published charts of the Prince William Sound and Unimak Pass regions show all the critical soundings have been discovered.

## Regulatory Evaluation

Although shipping safety fairways may interfere with direct exploration and production of oil and gas on the OCS, there is no indication OCS development will be obstructed by the acreage involved in these fairways. The precise locations of resources in these fairways are unknown; lease sales on tracts within the fairways are uncertain; and indirect access to resources is technically feasible through most of the two-mile wide fairway. Although there is no definite indication that OCS blocks will be developed in the fairways, the Coast Guard is directed by the PWSA to anticipate development and reconcile the potential conflict to navigation by establishing safe access routes in these frequently used traffic corridors.

A request for adjustment to a fairway would be given the appropriate consideration by the Coast Guard, in accordance with the PWSA and rulemaking procedures, in circumstances when there is evidence fixed structures must be placed in an area designated as a fairway to gain access to significant quantities of oil or gas, and navigation safety would not be jeopardized by a modification of that fairway. In most cases a fairway modification will require a PWSA port access study before rulemaking can be commenced.

These shipping safety fairways will overlay traditional traffic routes and will not alter applicable navigation rules or cause any interference with fishing activities.

These regulations are considered to be non-major under Executive Order 12291 and non-significant under the DOT regulatory policies and procedures (44 FR 11034; February 26, 1979).

There are no costs associated with the new fairways which can be identified and calculated at this time. These designations will contribute to navigation safety without interfering significantly with development of the OCS. The economic impact of this regulation has been found to be so minimal further evaluation is unnecessary. Since the impact of this regulation is expected to be so minimal, the Coast Guard certifies the regulation will not have a significant economic impact on a substantial number of small entities.

## List of Subjects in 33 CFR Part 166

Anchorage grounds, Marine safety, Navigation (water), Waterways, Shipping safety fairways.

In consideration of the foregoing, 33 CFR Part 166 is amended as follows:

## PART 166—SHIPPING SAFETY FAIRWAYS

1. The authority citation for Part 166 continues to read as follows:

Authority: 33 U.S.C. 1223; 49 CFR 1.46(n)(4).

2. Section 166.400 is added to read as follows:

## § 166.400 Areas along the coast of Alaska.

(a) Purpose. Fairways, as described in this section, are established to control the erection of structures therein to provide safe vessel routes along the coast of Alaska.

(b) Designated Areas. (1) Prince William Sound Safety Fairway. (i) *Hinchinbrook Entrance Safety Fairway*. The area enclosed by rhumb lines joining points at:

| Latitude    | Longitude    |
|-------------|--------------|
| 59°59'00" N | 145°27'24" W |
| 60°13'18" N | 146°38'06" W |
| 60°11'24" N | 146°47'00" W |
| 59°55'00" N | 145°42'00" W |

(ii) *Gulf to Hinchinbrook Safety Fairway* (recommended for inbound vessel traffic). The area enclosed by rhumb lines joining points at:

| Latitude    | Longitude    |
|-------------|--------------|
| 59°15'42" N | 144°02'07" W |
| 59°59'00" N | 145°27'24" W |
| 59°58'00" N | 145°32'12" W |
| 59°14'18" N | 144°04'53" W |

(iii) *Hinchinbrook to Gulf Safety Fairway* (recommended for outbound vessel traffic). The area enclosed by rhumb lines joining points at:

| Latitude    | Longitude    |
|-------------|--------------|
| 59°15'41" N | 144°23'35" W |

|             |              |
|-------------|--------------|
| 59°56'00" N | 145°37'39" W |
| 59°55'00" N | 145°42'00" W |
| 59°14'19" N | 144°26'25" W |

(2) Unimak Pass Safety Fairway. (i) *East/West Safety Fairway*. The area enclosed by rhumb lines joining points at:

| Latitude    | Longitude    |
|-------------|--------------|
| 54°25'58" N | 165°42'24" W |
| 54°22'50" N | 165°06'54" W |
| 54°22'10" N | 164°59'29" W |
| 54°07'58" N | 162°19'25" W |
| 54°04'02" N | 162°20'35" W |
| 54°22'02" N | 165°43'36" W |

(ii) *North/South Safety Fairway*. The area enclosed by rhumb lines joining points at:

| Latitude    | Longitude    |
|-------------|--------------|
| 54°42'28" N | 165°16'19" W |
| 54°43'32" N | 165°09'41" W |
| 54°22'50" N | 165°06'54" W |
| 54°22'10" N | 164°59'29" W |

Dated: November 9, 1986.

A.B. Smith,

Captain, U.S. Coast Guard, Acting Chief, Office of Navigation.

[FR Doc. 86-27069 Filed 12-01-86; 8:45 am]

BILLING CODE 4910-14-M

## ENVIRONMENTAL PROTECTION AGENCY

## 40 CFR Part 52

[A-5-FRL-3121-6]

## Approval and Promulgation of Implementation Plans; Wisconsin

AGENCY: U.S. Environmental Protection Agency (USEPA).

ACTION: Final rulemaking, extension of the public comment period and clarification notice.

SUMMARY: On September 9, 1986 (51 FR 32075), USEPA published as a "direct final" approval of a revision to the Wisconsin State Implementation Plan. This revision approved internal offsets (bubbles) at Continental Can Company's facilities located in Milwaukee and Racine Counties, Wisconsin. USEPA is giving notice that the public comment period for this final rulemaking has been extended to November 24, 1986. USEPA is taking this action because a public comment extension was requested by Natural Resources Defense Council.

DATE: Comments must be received on, or before, November 24, 1986. If no adverse comments are received, the September 9, 1986, rulemaking action will be effective as of December 24, 1986.

ADDRESSES: Comments should be submitted to Gary V. Gulezian, Chief, Regulatory Analysis Section, Air and Radiation Branch, Region V, U.S.



Environmental Protection Agency, 230 South Dearborn Street, Chicago, Illinois 60604.

**FOR FURTHER INFORMATION CONTACT:** Uylaine E. McMahan, (312) 886-6031.

**SUPPLEMENTARY INFORMATION:** On September 9, 1986 (51 FR 32075), USEPA approved a "direct final" revision to the Wisconsin State Implementation Plan (SIP) for ozone.<sup>1</sup> The revision would allow the Continental Can Company to use internal offsets (a "bubble") in conjunction with daily weighted average emission limits at its Milwaukee and Racine can manufacturing plants. USEPA acted to approve the revision because it meets USEPA's requirements for can coating operations (December 8, 1980; 45 FR 80824). Comments on USEPA's action were to be received by October 9, 1986.

On October 9, 1986, the Natural Resources Defense Council (NRDC) requested a 45-day extension of the public comment period. This extension would allow the NRDC additional time to review the technical support document and other materials related to this rulemaking, and to decide whether to submit adverse comments on USEPA's action. Therefore, the public comment period is extended to November 24, 1986. If no adverse comments are received by this date, USEPA's rulemaking approving site-specific SIP revisions for Continental Can in Wisconsin will be effective as of December 24, 1986. If USEPA does receive adverse comments by November 24, 1986, it will publish: (1) A notice that withdraws the action; and (2) a notice that begins a new rulemaking by proposing the action and establishing a new comment period.

In addition to extending the public comment period, USEPA would like to clarify a sentence that appeared in the September 9, 1986, direct final rulemaking approving the Continental Can internal offset. The sentence is located on page 32076 of the notice in the first column, in the Section entitled "Internal Offset", first paragraph. The sentence reads "As such, there would likely be some actual increase in emissions over that which would have

resulted had compliance been achieved continuously on a per line basis". What is meant by that sentence is that the internal offset allows Continental Can credit for those coatings and coating lines that reduce emissions to a level below that required by the SIP. This credit is used to offset emissions from other coatings and coating lines that exceed the SIP-allowable limit. The emission reductions achieved under the internal offset are likely to be less than those that would be achieved if Continental Can were to reformulate its noncomplying coatings to compliance level, while keeping the VOC content of the complying coatings at the current level. However, the emissions allowed by the internal offset are equivalent to those that would occur if each coating used were at the limit specified in the SIP.

Authority: 42 U.S.C. 7401-7642.

Dated: November 4, 1986.

Peter L. Wise,

Acting Regional Administrator.

[FR Doc. 86-27027 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### 40 CFR Part 261

[SHW-FRL-3121-2]

#### Hazardous Waste Management System; Identification and Listing of Hazardous Waste

**AGENCY:** Environmental Protection Agency.

**ACTION:** Interpretative rule.

**SUMMARY:** The Agency is today clarifying the scope of EPA Hazardous Waste No. F006 contained in the list of hazardous wastes from non-specific sources of Subpart D of Part 261. The Agency has re-evaluated its previous interpretation of F006 and has determined that it is overly broad. As a result, the Agency is today announcing its current interpretation of the scope of EPA Hazardous Waste No. F006.

**DATE:** This interpretation is effective December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** RCRA Hotline, toll free at (800) 424-9346, or at (202) 382-3000. For technical information, contact Mr. Matthew Straus, Office of Solid Waste (WH-562B), U.S. Environmental Protection Agency, 401 M Street SW., Washington, DC 20460, (202) 475-8551.

**SUPPLEMENTARY INFORMATION:** On May 19, 1980, the Agency published an interim final regulation listing "Wastewater treatment sludges from electroplating operations" as EPA

Hazardous Waste No. F006 in Subpart D of Part 261 (see 45 Federal Register 33112-33133). The hazardous constituents for which this waste was listed were cadmium, chromium, nickel, and complexed cyanide. In response to comments on this regulation, the listing was modified on November 12, 1980 (see 45 FR 74884-74892), to read as follows: "Wastewater treatment sludges from electroplating operations except from the following processes: (1) sulfuric acid anodizing of aluminum; (2) tin plating on carbon steel; (3) zinc plating (segregated basis) on carbon steel; (4) aluminum or zinc-aluminum plating on carbon steel; (5) cleaning/stripping associated with tin, zinc, and aluminum plating on carbon steel; and (6) chemical etching and milling of aluminum." <sup>1</sup> In addition, the Agency agreed with commenters that wastewater treatment sludges from the chemical conversion coating of aluminum would not be expected to contain hazardous levels of cadmium and nickel and thus, listed this waste separately as EPA Hazardous Waste No. F019. The hazardous constituents for which EPA Hazardous Waste No. F019 was listed are hexavalent chromium and complexed cyanide.

As explained in the Listing Background Document for F006, the Agency identified the listing for "electroplating operations" to cover the same processes as was included under the Effluent Guidelines Division's pretreatment standards for the electroplating point source category. That is, the Agency considered the F006 listing to include the following processes: common and precious metals electroplating, anodizing, chemical conversion coating, electroless plating, chemical etching and milling, and printed circuit board manufacturing.

The Agency, through its Chief Judicial Officer, recently determined, however, that from May 19, 1980 to November 12, 1980, the reference to etching in the listing background document accompanying the original F006 listing was insufficient to indicate that the scope of F006 included etching. The Chief Judicial Officer concluded that the lack of reference to etching in the rule violated the publication requirement of the Administrative Procedure Act, 5 U.S.C. 552. See *In the Matter of U.S. Nameplate Company*, RCRA (3008) Appeal/No. 85-3, Final Decision at 13 (March 31, 1986). The opinion also noted, however, that the modified listing

<sup>1</sup> The Agency also indicated that hexavalent chromium rather than total chromium would be listed as a constituent of concern in Appendix VII of Part 261.

<sup>1</sup> A "direct final" rulemaking is one method USEPA uses to expedite rulemaking on SIP revisions it considers noncontroversial and routine. Under this procedure, final rulemaking action is taken without prior proposal, effective 60 days after the date of publication. However, if USEPA receives notice within 30 days of the date of publication (October 9, 1986, in this instance) that someone wishes to submit adverse comments, then USEPA publishes: (1) A notice that withdraws the action; and (2) a notice that begins a new rulemaking by proposing the action and establishing a new comment period.



(November 12, 1980) could be interpreted to include several processes by reverse implication from the six specific processes explicitly excluded. That is, since sulfuric acid anodizing of aluminum and chemical etching and milling of aluminum were excluded from the listing, all other anodizing and chemical etching and milling are within the scope of the listing.

The Agency has reconsidered its interpretation of EPA Hazardous Waste No. F006. Since the rule explicitly refers only to electroplating, anodizing, chemical etching and milling, and cleaning and stripping, the F006 listing included only common and precious metals electroplating, anodizing, chemical etching and milling, and cleaning and stripping when associated with these processes. Although the listing background document noted other processes, these were not part of the promulgated listing. Accordingly, the following processes are not included under the F006 listing: chemical conversion coating,<sup>2</sup> electroless plating, and printed circuit board manufacturing.<sup>3</sup> The F006 listing is (and always has been) therefore, inclusive of wastewater treatment sludges from only the following processes: (1) Common and precious metals electroplating, except tin, zinc (segregated basis),<sup>4</sup> aluminum, and zinc-aluminum plating on carbon steel; (2) anodizing, except sulfuric acid anodizing of aluminum; (3) chemical etching and milling, except when performed on aluminum; and (4) cleaning and stripping, except when associated with tin, zinc, and aluminum plating on carbon steel.

As a result of this decision, a number of delisting petitions that have been filed pursuant to 40 CFR 260.20 and 260.22 are unnecessary, since the wastes described in the petitions are not the listed F006 wastes. The Agency intends, therefore, to take no further action on these petitions. These petitions are listed in Table 1.

TABLE 1.—MOOT PETITIONS

| Petitioner                    | Location             | Petition No. |
|-------------------------------|----------------------|--------------|
| ACR Electronics               | Hollywood, FL        | 0297         |
| Arnold Circuits, Inc.         | La Habra, CA         | 0508         |
| Atlantic Wire Co.             | Branford, CT         | 0189         |
| Chevrolet Flint Mfg. Complex  | Flint, MI            | 0388         |
| Chrysler Corporation          | Fenton, MO           | 0500         |
| Chrysler Corporation          | Belvidere, IL        | 0501         |
| Chrysler Corporation          | Fenton, MO           | 0502         |
| Colt Industries               | Paris, IN            | 0233         |
| Crosman Airguns               | Fairport, NY         | 0093         |
| Ford Motor Co.                | Sterling Heights, MI | 0509         |
| Ford Motor Co.                | Norfolk, VA          | 0511         |
| Ford Motor Co.                | Sandusky, OH         | 0512         |
| Ford Motor Co.                | Louisville, KY       | 0513         |
| Ford Motor Co.                | Lorain, Oh           | 0514         |
| Ford Motor Co.                | Indianapolis, IN     | 0515         |
| Ford Motor Co.                | Brookpark, OH        | 0516         |
| Ford Motor Co.                | Avon Lake, Oh        | 0517         |
| Ford Motor Co.                | Claycomo, MO         | 0518         |
| Ford Motor Co.                | Chicago, IL          | 0519         |
| Ford Motor Co.                | Romeo, MI            | 0521         |
| Ford Motor Co.                | Wixom, MI            | 0527         |
| General Electric Co.          | Conneaut, OH         | 0012         |
| General Electric Co.          | Jonesboro, AR        | 0437         |
| General Motors Corp.          | Atlanta, GA          | 0372         |
| General Motors Corp.          | Fredericksburg, VA   | 0473         |
| General Motors Corp.          | Janesville, WI       | 0526         |
| General Motors Corp.          | Lake Orion, MI       | 0581         |
| GMC/Fisher Body Div.          | Cleveland, OH        | 0336         |
| GMC/Fisher Body Div.          | Lansing, MI          | 0378         |
| GMC/Fisher Body Div.          | Flint, MI            | 0410         |
| GMC/Saginaw Steering Gear     | Athens, AL           | 0428         |
| GMC/Saginaw Steering Gear     | Saginaw, MI          | 0432         |
| Greenville Products Co.       | Greenville, MI       | 0605         |
| Hyatt Clark Industries        | Clark, NJ            | 0531         |
| Iowa Industries               | Burlington, IA       | 0343         |
| Kent Corporation              | Birmingham, AR       | 0623         |
| Mansfield Products Co.        | Mansfield, OH        | 0114         |
| Manville Sales Corp.          | Ulica, OH            | 0642         |
| Moog Automotive               | Maryville, MO        | 0464         |
| Northern Metal Specialty Div. | Osceola, WI          | 0304         |
| P.T. Components, Inc.         | Indianapolis, IN     | 0232B        |
| Polymer Coil Coater, Inc.     | Fairfield, AL        | 0611         |
| Rheem Manufacturing Co.       | Asheville, NC        | 0653         |
| Teledyne Monarch Rubber Co.   | Hartsville, OH       | 0507         |
| Teletype Corporation          | Little Rock, AR      | 0525         |
| Universal Oil Products        | Decatur, AL          | 0305         |
| Waterloc Industries           | Pocahontas, AR       | 0544         |
| Whirlpool Corporation         | Marion, Oh           | 0054         |
| Whirlpool Corporation         | Ft. Smith, AR        | 0095         |
| Whirlpool Corporation         | Danville, KY         | 0103         |
| Whirlpool Corporation         | Findlay, OH          | 0128         |
| Whirlpool Corporation         | Clyde, OH            | 0275         |
| White Mop Wringer Co.         | Fultonville, NY      | 0176         |
| White Rogers                  | Batesville, AR       | 0364         |

The Agency plans to re-evaluate the F006 listing in the future. The Agency may then incorporate into the scope of the F006 listing those processes which we today state are not part of F006 (*i.e.*, chemical conversion coating, etc.). Any facility that would then want to pursue a delisting would need to submit a new petition.

Dated: November 18, 1986.

J.W. McGraw,

Acting Assistant Administrator, Office of Solid Waste and Emergency Response.

[FR Doc. 86-27028 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

## DEPARTMENT OF THE INTERIOR

## Bureau of Land Management

## 43 CFR Public Land Order 6633

[AA-320-07-4220-10; OK NM-58990]

## Oklahoma; Public Land Order 6554; Correction

AGENCY: Bureau of Land Management, Interior.

ACTION: Public land order.

SUMMARY: This document will correct an error in the acreage in Public Land Order 6554 of July 12, 1984.

EFFECTIVE DATE: December 2, 1986.

FOR FURTHER INFORMATION CONTACT: Kay Thomas, BLM, New Mexico State Office, P.O. Box 1449, Santa Fe, NM, 87504-1449, (505) 988-6589.

By virtue of the authority vested in the Secretary of the Interior by section 204 of the Federal Land Policy and Management Act of 1976, 90 Stat. 2751; 43 U.S.C. 1714, it is ordered as follows:

The acreage in Public Land Order 6554 of July 12, 1984, in FR document 84-19319 published at page 29600 and 29601 in the issue of July 23, 1984, is corrected as follows: "On page 29601, first column, line 11, the acres are changed from 260.62 acres to 206.62 acres.

November 17, 1986.

J. Steven Griles,

Assistant Secretary of the Interior.

[FR Doc. 86-26975 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-FB-M

## NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

## 45 CFR Part 1180

## Institute of Museum Services; Conservation Grants to Museums; Museum Assessment Program

AGENCY: Institute of Museum Services, NFAH.

ACTION: Final guidelines and regulations.

SUMMARY: The Institute of Museum Services issues final amendments to its guidelines relating to a program of Federal financial assistance for conservation projects in museums and an amendment to its regulations for the Museum Assessment Program. The guidelines and regulations implement the Museum Services Act. They state eligibility conditions and other terms for the administration of the museum conservation and assessment programs.

<sup>2</sup> Wastewater treatment sludges from the chemical conversion coating of aluminum are listed as EPA Hazardous Waste No. F019.

<sup>3</sup> Wastewater treatment sludges from printed circuit board manufacturing operations that include processes which are within the scope of the listing (*e.g.*, chemical etching) are regulated as EPA Hazardous Waste No. F006.

<sup>4</sup> "Zinc plating (segregated basis)" refers to non-cyanidic zinc plating processes. For example, wastewater treatment sludges from zinc plating using baths formulated from zinc oxide and/or sodium hydroxide would be excluded from the listing while sludges from baths formulated from zinc cyanide and/or sodium cyanide would not be excluded. Where both cyanidic and non-cyanidic baths are used, the exclusion applies to sludges from the non-cyanidic processes as long as they are segregated from sludges that result from cyanidic plating processes.



**EFFECTIVE DATE:** These amendments are effective December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Ruth Weant, Institute of Museum Services, Room 510, 1100 Pennsylvania Ave. NW., Washington, DC 20506. Telephone: (202) 786-0539.

**SUPPLEMENTARY INFORMATION:**

**1. General Background**

The Museum Services Act ("the Act") which is Title II of the Arts, Humanities and Cultural Affairs Act of 1976, was enacted on October 8, 1976 and amended in 1980, 1982, 1984, and 1985. The purpose of the Act is stated in section 202 as follows:

It is the purpose of the Museum Services Act to encourage and assist museums in their educational role in conjunction with formal systems of elementary, secondary, and postsecondary education and with programs of non-formal education for all age groups; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage and to ease the financial burden borne by museums as a result of their increasing use by the public.

The Act establishes an Institute of Museum Services (IMS) consisting of a National Museums Services Board and a Director.

IMS is an independent agency placed in the National Foundation on the Arts and the Humanities (National Foundation). Pub. L. 97-100, December 23, 1981, Pub. L. 97-394, December 30, 1982, Museum Services Act, section 203, as amended. The Act lists a number of illustrative activities for which grants may be made, including assisting museums to meet their administrative costs for preserving and maintaining their collections, exhibiting them to the public, and providing educational programs to the public. Assisting museums to carry out conservation activities is expressly authorized in the Act.

During Fiscal Year 1986 IMS operated a program of assistance for conservation projects pursuant to the Department of the Interior and Related Agencies Appropriations Act, 1986, Pub. L. 99-190 (Dec. 19, 1985). IMS issued guidelines and standards for the operation of this program, 50 FR 27584 (July 5, 1985). The guidelines and standards pertain to such matters as eligibility, use of funds, funding criteria and post-award conditions. They were developed by the Board and were published in the *Federal Register* after opportunity for public comment. See 50 FR 4237 (Jan. 30, 1985).

Similarly, the Institute's regulations contain provisions relating to the Institute's Museum Assessment Program (MAP) which has been conducted since fiscal year 1981. 45 CFR 1180.70-1180.76.

IMS published a notice of proposed rulemaking proposing amendments to the Conservation Project Support Program guidelines and an amendment to the regulations for the Museum Assessment Program on August 18, 1986. 51 FR 29500. The notice described the proposed amendments and the reasons why changes were needed. 51 FR 29501. This document does not repeat that discussion. In response to an invitation for public comment contained in the notice of proposed rulemaking, a number of museums, museum organizations, and conservation organizations presented comments. In some cases they suggested changes in the text of the proposed amendments. A summary of the substantive comments and the Institute's response to them is set forth at the end of the preamble to this document.

The Institute has responded to a number of the comments by making changes in the amendments as set forth below. In particular, a number of comments related to the provision, in the proposed amendments, that the Director, to the extent appropriate, require an applicant which proposes a treatment project to carry out a prior survey of its conservation needs "in the specific area of focus". A number of commenters observed that the qualifying language, "in the specific area of focus", might vitiate the effect of the provision in encouraging general surveys prior to an application to IMS. One commenter observed:

Our concern is that the limitation imposed on [IMS] by this terminology would mean that a museum without a viable survey of its entire collection could only be required to survey that single part or parts of its collection included in a grant request. While any kind of survey of an undocumented collection would be of some value, the purpose of a survey should be to establish priorities among the overall conservation needs of an institution's entire collection. In point of fact, there really are two kinds of surveys: A general survey of an institution's entire collection; and a more specific, detailed survey of various components of the collection. Both are important, but the general survey should clearly come first. However, according to the language of the proposed revision, [IMS] would be unable to require a general survey.

Another commenter, a conservator, observed:

I concur enthusiastically with the wording and intent of this section, but I am concerned by what might be omitted if this were left without some clarification. It looks to me as if

it would be possible (for example) for me to go into one of the multi-building museums here in New England, look at the dozen samplers in its collection, and propose treatment for two or three. While this is exactly what should happen if samplers are the only or most important conservation problem, the "in the specific area of focus" wording makes it possible to ignore the (probably larger) collections of costume and linens, let alone the furniture, painting, paper, tools that could well represent a more serious preservation problem in such a museum.

The Institute agrees with these comments. A revision has been made in the final version of § 1180.20(g)(3) to address it. As revised, that section authorizes the Director to require a "general survey", omits the language, "in the specific area of focus", but authorizes the Director to adjust the requirement "in exceptional circumstances". In addition to this change, other changes of a clarifying and technical nature have been made in the regulations.

**2. Executive Order 12291**

These amendments have been reviewed in accordance with Executive Order 12291. They are classified as non-major because they do not meet the criteria for major regulations established in the order.

**3. Regulatory Flexibility Act Certification**

The Director certifies that these amendments will not have a significant economic impact on a substantial number of small entities.

To the extent that they affect States and State agencies they will not have an impact on small entities because States and State agencies are not considered to be small entities under the Regulatory Flexibility Act.

These amendments will affect certain museums receiving Federal financial assistance under the Museum Services Act. However, they will not have significant economic impact on the small entities affected because they do not impose excessive regulatory burdens or require unnecessary Federal supervision. They impose minimal requirements to ensure the proper expenditure of grant funds.

The information collection requirements contained in this rule have been cleared under the Paperwork Reduction Act by the Office of Management and Budget, OMB No. 3137-0015.



## Summary of Comments, Responses, and Revisions

### Comments on Sections 1180.20(f) and 1180.20(g)

Comments were received with respect to §§ 1180.20(f)(1), 1180.20(g)(2), and 1180.20(g)(3) of the proposed regulations. Section 1180.20(f)(1) authorizes the Director to make conservation awards in excess of \$25,000 if "exceptional circumstances" warrant. Section 1180.20(g)(2) authorizes the Board to establish one or more project types as a funding priority for a fiscal year. Applications which propose priority projects are evaluated, ranked and approved before applications proposing other types of projects. Section 1180.20(g)(3) authorizes the Director to require that an applicant proposing a project for treatment show that it has carried out a survey of its conservation needs and priorities in the specific area of focus.

The full text of these provisions (as revised in the light of comments) is set forth in the body of this Federal Register document.

#### (1) Section 1180.20(f)(1)

*Effect of raising \$25,000 ceiling.* The majority of the commenters on Section 1180.20(f)(1) agreed that the Director and Board should have the flexibility to make awards in excess of \$25,000 in exceptional circumstances. Two commenters suggested that the \$25,000 limit not be routinely raised. They observed that an indiscriminating lifting of the limit could result in increasingly fewer museums receiving conservation grants.

IMS expects that most conservation grants will be for amounts of \$25,000 or less. IMS intends to continue to make grants to museums in all categories of discipline and budget size. Over 60% of the applications to the IMS conservation grant program were funded in fiscal year 1986. Under these circumstances, permitting grants larger than \$25,000 to be made under exceptional circumstances is not expected to affect the ability of IMS to assist all proposals which warrant funding. No change has been made in the regulation.

#### (2) Section 1180.20(g)(2)

*Subjecting all conservation funds to priorities.* Most commenters agreed with the establishment of priorities. One comment observed:

None of us seems to have any quarrel with the rightness of the proposed priorities themselves. Indeed, some of us feel very strongly that the economic conditions of our era require priority setting within institutions on the basis of surveys, and not just in the

area of conservation. The logic of subordinating treatment itself to safe conditions for collections overall and to staff education in conservation procedures also seems unassailable; what good is it to put a restored artifact back into an uncontrolled atmosphere where an unknowing staff may nail it up in an exhibit hall? Clearly you, your colleagues, and the National Museum Services Board are trying to provide leadership in identifying a need as well as financial help in meeting needs, and that is commendable.

However, some comments expressed the concern that *all* funds might be reserved for the highest priority projects and no funds would be awarded for lower priority projects. One comment suggested that if "all" funds were reserved for the highest priority projects, then "some urgent needs in other categories might not be met if funds are unavailable for two or three years."

Experience in the administration of the conservation program indicates that, without the establishment of funding priorities, applicants are more likely to submit proposals for projects that meet short-term rather than long-range conservation needs. In the opinion of professional museum and conservation organizations, museums normally should first identify long-range conservation needs and priorities, and then progress in a logical manner to activities which fulfill those identified long-range needs and priorities. The NMSB has determined that the establishment of funding priorities is necessary to encourage museums to pursue conservation programs in a logical, cost-efficient manner. The NMSB has not established that specific percentages of funds shall be allocated to individual funding priorities. The final regulations make clear that the Board is authorized to establish priorities with respect to all or a part of the funds available for a fiscal year.

*Securing advice from professional organizations.* Regarding the process of establishing funding priorities for a given fiscal year, one commenter suggested that the NMSB ask professional conservation organizations to make formal recommendations to the NMSB before funding priorities are set.

IMS has always attempted to secure broad professional representation on its review panels. Individuals on the boards and members of several professional conservation organizations participate in the field and panel review levels for the Conservation Project Support program. Comments from field and panel reviewers are considered in establishing funding priorities. Moreover, IMS has consulted professional museum and conservation

organizations in the development of policies regarding the program, including the current amendment, to the regulations. However, a formal request for recommendations from professional conservation organizations prior to the establishment of priorities for a particular fiscal year is not workable in view of the funding schedule with which IMS must comply.

#### *Communication of funding priorities.*

Regarding the publication of funding priorities in the Federal Register, one commenter stated that the majority of museums do not receive the Federal Register in which funding priorities may be announced and suggested that IMS might serve its constituency better by providing notice of the funding priorities to the IMS mailing list. In addition to publication in the Federal Register, IMS will provide such notice of funding priorities to the IMS institutional mailing list for the Fiscal Year 1987 Conservation Project Support competition.

#### (3) Sections 1180.20(g)(3)

The major comments on this provision, as well as the change made in response to it, are discussed in the preamble to this document.

### List of Subjects in 45 CFR Part 1180

Museums, National boards.

(Catalog of Federal Domestic Assistance No. 45.301, Museum Services Program)

Dated: November 24, 1986.

Lois Burke Shepard,

Director, Institute of Museum Services.

The Institute of Museum Services amends subchapter E of Chapter XI of Title 45 of the Code of Federal Regulations as set forth below:

### PART 1180—[AMENDED]

1. The authority citation for Part 1180 is revised to read as follows:

Authority: 20 U.S.C. 961 et seq.

2. 45 CFR 1180.20 (e), (f) and (g) are revised to read as set forth below.

#### § 1180.20. Guidelines and standards for conservation projects.

(e) *Types of conservation projects funded.* IMS considers applications to carry out conservation projects such as:

(1) Projects to develop improved or less costly methods of conservation, or to maintain or improve conservation with respect to one or more collections, including—

(i) Projects involving surveys of conservation needs and



(ii) Projects to establish or maintain optimum environmental conditions.

(2) Projects to conduct research in conservation (including developmental and basic research).

(3) Projects to conduct or obtain training in conservation (including training of persons for careers as professional conservators; training or upgrading of practicing conservators and conservation technicians in the use of new materials and techniques; and training of persons to become conservation technicians).

(4) Projects related to museum conservation needs not regularly addressed by other Federal funding agencies.

(5) Projects to meet the conservation needs of museums which are unable to maintain their own individual conservation facilities. Because grants are made only to museums, organizations which operate regional conservation centers but which are not museums are ineligible for a direct grant. However, a museum or a group of museums may use a grant to obtain services from such a center.

(6) Projects to conserve particular objects in a museum's collection (including plants and animals) or to meet the conservation needs of a particular museum (through such activities as the employment of conservators and the procurement of conservation services or equipment).

(f) *Limits on Federal funding.* (1) IMS normally makes a conservation grant which obligates no more than \$25,000 in Federal funds. Unless otherwise provided by law, if the Director determines that exceptional circumstance warrant, the Director, consistent with the policy direction of the Board, may award a conservation grant which obligates in excess of \$25,000 in Federal funds.

(2) A conservation grant is not included in the maximum amount which a museum may expect to receive from IMS for a fiscal year, as set forth pursuant to § 1180.9 of the regulations. Therefore, a museum may receive, for example, a General Operating Support grant for the amount specified pursuant to that section and an additional amount for a conservation grant in a fiscal year.

(3) IMS makes conservation grants only on a matching basis. This means that at least 50 per cent of the costs of a conservation project must be met from non-federal funds. Principles in applicable OMB circulars regarding costs sharing or matching apply. See, e.g., OMB Circular A-102, Attachment F.

(g) *Application requirements; priorities; survey required in certain cases—*(1) Application requirements in

§ 1180.11 (a), (b), and (c) apply. An application shall describe when, during the term of the grant, the applicant plans to complete each objective or phase of the project. Where appropriate, IMS may require an applicant to submit a dissemination plan.

(2) The Board, by notice published in the *Federal Register*, may establish priorities with respect to all or part of the funds available to IMS for conservation for a fiscal year among the types of projects specified in paragraph (e) of this section. If the Board establishes one or more types of projects as a priority for a fiscal year, applications proposing projects of that type (or types) are evaluated, ranked and (if recommended for funding) approved before applications proposing other types of projects.

(3) The Director may, to the extent appropriate, require (by instructions in the application materials) that an applicant which proposes a project to conserve particular objects must show that, prior to the submission of the application, it has carried out a general survey of its conservation needs and priorities and that the project in question is consistent with such survey. In exceptional circumstances, the Director may adjust this requirement, consistent with the policy direction of the Board. The Director may also (through such instructions) require an applicant for a conservation project to submit additional information, material, or undertakings to carry out the purposes of this part.

2. 45 CFR 1180.70 is revised to read as set forth below.

#### § 1180.70 Purpose of program.

The Director of the Institute of Museum Services makes grants under this subpart to assist museums in carrying out institutional assessments. The grants enable museums to obtain technical assistance in order to evaluate their programs and operations by generally accepted professional standards. The Director may make grants for separate categories of assessment activities and establish conditions for receipt of assistance for such separate categories. Such categories may include assessment activities relating to—

- (a) General operations;
- (b) Collections;
- (c) Museum security, and
- (d) Other aspects of museum services, as specified by the Board.

3. Part 1180 is amended by adding the following parenthetical text to the end of § 1180.11.

#### § 1180.11 Basic requirements which a museum must meet to be considered for funding.

(Approved by the Office of Management and Budget under control number 3137-0015)

[FR Doc. 86-26812 Filed 12-01-86; 8:45 am]  
BILLING CODE 7536-01-M

## DEPARTMENT OF DEFENSE

### 48 CFR Parts 222 and 252

#### Department of Defense Federal Acquisition Regulation Supplement Restrictions on Employment of Personnel

**AGENCY:** Department of Defense, (DOD).

**ACTION:** Final rule.

**SUMMARY:** The Defense Acquisition Regulatory Council has approved changes to DoD FAR Supplement Parts 222 and 252 regarding Restrictions on Employment of Personnel in DoD contracts. The purpose of the changes is to implement section 8078 of the FY 1986 Defense Appropriations Act and section 9069 of the FY 1987 Defense Appropriations Act. This final rule replaces the interim rule implementing section 8078 of the FY 1986 Defense Appropriations Act that was published in 51 FR 4501, February 5, 1986.

**EFFECTIVE DATE:** October 18, 1986.

**FOR FURTHER INFORMATION CONTACT:** Mr. Charles W. Lloyd, Executive Secretary, ODASD(P) DARS, c/o OASD(A&L)(MRS), Room 3C841, The Pentagon, Washington, DC 20301-3062.

#### SUPPLEMENTARY INFORMATION:

##### A. Background

Section 8078 of the FY 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 that call for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract.

Section 9069 of the 1987 Defense Appropriations Act, enacted on October 18, 1986, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1987 that call for performance in whole or in part within those states must contain a restriction



on who can be employed to perform work on that contract.

The DoD FAR Supplement is codified in Chapter 2, Title 48 of the Code of Federal Regulations (CFR).

The October 1, 1985 revision of the CFR is the most recent edition of that title. It reflects amendments to the 1984 edition of the DoD FAR Supplement made by Defense Acquisition Circular 84-1 through 84-10.

#### B. Public Comments

Notice of an interim rule was published in 51 FR 4501, February 5, 1986, requesting Government agencies, private firms, associates and the general public to submit comments to be considered in the formulation of the final rule for the provisions delineated in 48 CFR Parts 222 and 252. As a result of the review of the public comments, no changes were deemed appropriate.

Section 9069 of the FY 1987 Defense Appropriations Act enacts a similar requirement to those provisions covered by section 8078 of the FY 1986 Defense Appropriations Act. Accordingly, extending the existing rule to include: (a) Reference to section 9069 of the FY 1987 DoD Appropriations Act; (b) Identification of FY 1987 contracts, and (c) Reference to the FY 1987 unemployment rates in Alaska and Hawaii, is not expected to result in different public comments from those originally submitted. Therefore, a decision was made to issue this revision as a final rule.

#### C. Regulatory Flexibility Act

The Department of Defense certifies that the final rule will not have a significant impact on a substantial number of small entities under the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., because the change does nothing more than implement section 8078 of the FY 1986 Act and section 9069 of the FY 1987 DoD Appropriations Act. If this change impacts on small entities, it will impact only those small entities that have been awarded in FY 1986 and FY 1987 construction and services contracts calling for performance in whole or in part within the States of Alaska or Hawaii and then only if the unemployment rate for those states exceeds the national average. The number of small entities that meet this condition is considered to be insignificant in relation to the total number of small entities that do business with the Department of Defense.

#### D. Paperwork Reduction Act

The final rule does not contain information collection requirements

which require the approval of OMB under 44 U.S.C. 3501 et seq.

#### List of Subjects in 48 CFR Parts 222 and 252

Government procurement.

Charles W. Lloyd,

*Executive Secretary, Defense Acquisition Regulatory Council.*

#### Adoption of Amendments

Therefore, the DoD FAR Supplement contained in 48 CFR, Chapter 2, is amended as set forth below:

1. The authority citation for 48 CFR Parts 222 and 252 continues to read as follows:

**Authority:** 5 U.S.C. 301, 10 U.S.C. 2202, DoD Directive 5000.35, and DoD FAR Supplement 201.301.

#### PART 222—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

2. Subpart 222.72, consisting of §§ 222.7200 through 222.7202, is revised to read as follows:

##### Subpart 222.72—Restrictions on the Employment of Personnel for Work on Construction/Service Contracts in Alaska and Hawaii

##### 222.7200 Policy.

(a) Except as provided in (b) and (c) below, section 8078 of the 1986 Defense Appropriations Act, Pub. L. 98-190, and section 9069 of the 1987 Defense Appropriations Act, Pub. L. 99-591, require that notwithstanding any other provision of the law, every contract awarded during FY 1986 and FY 1987 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) This section shall not apply at any time during FY 1986 and FY 1987 when the unemployment rate in Alaska is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

(c) This section shall not apply to contracts to be performed in whole or in part within the State of Hawaii unless in FY 1986 and FY 1987 the unemployment rate in Hawaii is in excess of the national average rate of unemployment as determined by the Secretary of Labor.

#### 222.7201 Waivers.

This section may be waived by the Secretary of Defense, the Deputy Secretary of Defense, the Under Secretary of Defense for Acquisition, and any Secretary, Under Secretary, or Assistant Secretary of the Army, Navy, and Air Force in the interest of national security. Requests for waiver shall be processed in accordance with Departmental or agency procedures.

#### 222.7202 Contract Clause.

The contracting officer shall insert the clause at 252.222-7002, Restrictions on Employment of Personnel, in all solicitations and contracts in accordance with 222.7200.

#### PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Section 252.222-7002 is revised to read as follows:

##### 252.222-7002 Restrictions on Employment of Personnel.

As prescribed in 222.7202 insert the following clause.

##### Restrictions on Employment of Personnel (Jan. 1986)

(a) The Contractor shall employ, for the purpose of performing that portion of the contract work in the State of (insert appropriate state), individuals who are residents of the state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in each subcontract. (End of clause)

[FR Doc. 86-27023 Filed 12-1-86; 8:45 am]

BILLING CODE 3810-01-M

#### DEPARTMENT OF HEALTH AND HUMAN SERVICES

##### Public Health Service

##### 48 CFR PHS 315 and PHS 352

##### Acquisition Regulations; Acceptance of Late Proposals

**AGENCY:** Public Health Service (PHS), HHS.

**ACTION:** Interim rule with request for comments.

**SUMMARY:** This rule amends the Public Health Service Acquisition Regulation (PHSAR), Appendix A, to the Department of Health and Human Services Acquisition Regulation (HHSAR), Chapter 3 of Title 48, Code of



Federal Regulations, to allow for the acceptance of late proposals under conditions other than those established in the Federal Acquisition Regulation at 15.412.

**DATES:** Effective December 2, 1987.

Comment date: Comments must be received on or before February 2, 1986.

**ADDRESS:** Any person or organization wishing to submit data, views, or comments pertaining to the interim rule may do so by filing them with F.J. Brennan, Office of Procurement and Logistics Policy, OPAL, OS, Department of Health and Human Services, Room 513-D, Hubert H. Humphrey Building, 200 Independence Avenue SW., Washington, DC 20201.

**FOR FURTHER INFORMATION CONTACT:** F.J. Brennan, Office of Procurement and Logistics Policy (202-245-8901).

**SUPPLEMENTARY INFORMATION:**

#### A. Background

Prior to the effective date of the Federal Acquisition Regulation (FAR), April 1, 1984, procurement actions of HHS were governed by the Federal Procurement Regulations (FPR). Under the FPR, agency heads could, and HHS Procurement Regulations did, provide for the use of an alternate procedure whereby a late proposal could be accepted if the proposal offered significant cost or technical advantages to the Government and was received before determination of the competitive range. This provision was found at FPR 1-3.802-2.

During the development of the FAR HHS took exception to the proposed elimination of the alternate late proposal provision. However, when the FAR was issued it eliminated the use of the alternate late proposal provision for all executive agencies except NASA. Subsequently, NASA evaluated the history and use of this authority and concluded that its mission would not be significantly affected by the deletion of this authority. Federal Acquisition Circular (FAC) 85-7 was issued on April 30, 1985 deleting NASA's authority to use an alternate late proposal provision.

HHS has considered its prior experience with the use of the alternate late proposal provision and has informed the Chairman of the Civilian Agency Acquisition Council that it intends to deviate from FAR 15.412 in certain acquisitions. The HHS decision is based on the following considerations:

1. HHS used the alternate late proposal procedure for several years prior to the issuance of FAR and did not encounter any significant problems.

2. Use of the alternate procedure enabled HHS to accept proposals that were more advantageous to the Government than other proposals received, with no adverse impact on the integrity of the procurement process. For example, the affected agencies reported the following:

The number of late proposals experienced in our R&D contract programs is not very extensive. Ten (10) late proposals were received in the past two fiscal years and following review as to their scientific or cost advantage, six (6) were admitted to the competitive range, but only two were ultimately selected for award. Most of these late proposals were no more than 24-48 hours late. Because the lateness was not extreme, procurement schedules were not adversely affected by review of these late proposals to determine potential technical or cost advantage, and the tardy offerors involved did not gain any competitive advantage over timely offers.

3. The FAR's so-called "late is late" provision may be appropriate for procurement actions where the contracting activity is satisfied that the product or service can be obtained at a satisfactory level of quality, consistent with the activity's mission, from any one of a number of organizations. However, when an agency's mission can best be fulfilled by placing the award with the organization offering the greatest potential solution to problems the agency was created to solve, that agency should not be unreasonably prevented from reviewing and considering all proposals. For example, as the principal health research agency of the Federal Government, the National Institutes of Health (NIH) conducts contract research on the diagnosis, cure and treatment of human diseases. Selection of contractors for biomedical research is influenced primarily by scientific considerations, including demographic and geographic factors, and the potential of particular contract proposals for solving or contributing to the solution of difficult health problems. To limit NIH's review and consideration of proposals to only those which were timely submitted, or allowed to be reviewed and considered by FAR 15.412, could result in NIH having to accept other than the best solution to a national health problem.

Considering the missions of our health agencies, it is not in the public interest to follow an administrative procedure that rejects late proposals regardless of potential scientific value in solving significant health problems such as cancer and AIDS. Consequently, HHS considers it to be in the public interest to allow for consideration of late

proposals under certain limited circumstances.

#### B. Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980, Pub. L. 96-354, requires the preparation of a regulatory flexibility analysis for any rule which is likely to have a significant economic impact on a substantial number of small entities.

Based on past experience it is estimated that approximately seven late proposals will be received each year and not all of these will affect small entities. On the basis of this information, it has been determined that this rule will not have a significant economic impact on a substantial number of small entities, and, thus, a regulatory flexibility analysis has not been prepared. However, publication of this rule as an interim rule will afford the public the opportunity to comment with respect to this rule's economic impact on small entities, and such comments will be considered.

#### C. Determination to Issue an Interim Regulation

Since urgent and compelling circumstances mandate the immediate issuance of this regulation, a determination to issue an interim regulation with comment period is hereby made by the Deputy Assistant Secretary for Procurement, Assistance and Logistics.

#### D. Paperwork Reduction Act

This interim rule does not contain any additional information collection requirements which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, et seq.

#### List of Subjects in 48 CFR Parts PHS 315 and 352

Government procurement.

Accordingly, the Department of Health and Human Services amends 48 CFR Chapter 3, Appendix A, as set forth below.

Dated: November 22, 1986.

Henry G. Kirschenmann, Jr.

Deputy Assistant Secretary for Procurement, Assistance and Logistics.

As indicated in the preamble, Appendix A to Chapter 3, of Title 48, Code of Federal Regulations, is amended as shown.

1. A new Part PHS 315 is added to read as follows:



**PART PHS 315—CONTRACTING BY NEGOTIATION****Subpart PHS 315.4—Solicitation and Receipt of Proposals and Quotations**

Authority: 5 U.S.C. 301; 40 U.S.C. 486(c).

**PHS 315.412 Late proposals and modifications.**

(c)(1) The use of this procedure is restricted to the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration. When the principal official responsible for acquisition determines that certain classes of biomedical or behavioral research and development acquisitions should be subject to conditions other than those specified in FAR 52.215.10, Late Submissions, Modifications and Withdrawals of Proposals, he/she may authorize the use of the provision in PHS 352.215-10 in addition to the provision at FAR 52.215-10.

(2) When the provision in PHS 352.215-10 is included in the solicitation and a proposal is received after the exact time specified for receipt, the contracting officer, with the assistance of cost and technical personnel, shall make a written determination as to whether the proposal meets the requirements of the provision at PHS 352.215-10 and, therefore, can be considered.

**PART PHS 352—[AMENDED]**

2. The authority citation for Part PHS 352 continues to read as follows:

Authority: 5 U.S.C. 301; 40 U.S.C. 486(c).

3. PHS 352.215-10 is added to establish an alternate provision for late proposals. As added PHS 352.215-10 reads as follows:

**PHS 352.215-10 Late proposals; Modifications of proposals, and withdrawals of proposals.**

As prescribed in PHS 315.412, the following provision may be included in the solicitation when authorized by the principal official responsible for acquisition.

**Late Proposals, Modifications of Proposals, and Withdrawals of Proposals (Nov 1983)**

Notwithstanding the procedures contained in the provision of this solicitation entitled Late Submissions, Modifications, and Withdrawals of Proposals, a proposal received after the date specified for receipt may be considered if it offers significant cost or technical advantages to the Government, and it was received before proposals were distributed for evaluation, or within five calendar days after the exact time specified

for receipt, whichever is earlier. (End of provision)

[FR Doc. 86-27050 Filed 12-1-86; 8:45 am]

BILLING CODE 4150-04-M

**DEPARTMENT OF COMMERCE****National Oceanic and Atmospheric Administration****50 CFR Part 663**

[Docket No. 51192-5219]

**Pacific Coast Groundfish Fishery**

**AGENCY:** National Marine Fisheries Service (NMFS), NOAA, Commerce.

**ACTION:** Notice of closure and request for comments.

**SUMMARY:** NMFS issues this notice closing the fishery for Pacific ocean perch taken from the Vancouver subarea off the coast of Washington, and seeks public comment on this action. This closure is authorized under regulations implementing the Pacific Coast Groundfish Fishery Management Plan (FMP) which state that retention or landing of a species is prohibited when that species' quota is reached. This action is intended to protect a species considered to be under long-term biological stress.

**EFFECTIVE DATES:** Effective from 0001 hours Pacific Standard Time, December 1, 1986, until 2400 hours Pacific Standard Time, December 31, 1986. Comments will be accepted until December 17, 1986.

**ADDRESS:** Send comments on this action to Rolland A. Schmitt, Director, Northwest Region, National Marine Fisheries Service, 7600 Sand Point Way N.E., BIN C15700, Seattle, WA 98115. The aggregate data upon which this determination is based are available for public inspection at the above address during business hours until the end of the comment period.

**FOR FURTHER INFORMATION CONTACT:** Rolland A. Schmitt, 206-526-6150.

**SUPPLEMENTARY INFORMATION:** Regulations implementing the FMP at 50 CFR 663.21(b) require the Secretary of Commerce (Secretary) to prohibit retention or landing of a species in any regulatory subarea when the numerical optimum yield (OY) quota for that species in the applicable regulatory subarea is reached. The 1986 OY for Pacific ocean perch in the Vancouver subarea (between 47°30' N. latitude and the U.S.-Canada border) is 600 metric tons.

Based on the best available information to date, and after consultation with the Director of the

Washington Department of Fisheries and the Chairman of the Pacific Fishery Management Council (Council), the Regional Director determined that the Pacific ocean perch quota will be reached on December 1, 1986. Accordingly, the Secretary announces that retention or landing of Pacific ocean perch taken from the Vancouver subarea off the State of Washington must be prohibited on December 1, 1986. The State of Washington also will close State ocean waters in the Vancouver subarea on this date.

This action is automatic and nondiscretionary under § 663.21(b) and supercedes the current trip limit for Pacific ocean perch only as it pertains to fish taken from the Vancouver subarea. Currently the trip limit for Pacific ocean perch caught north of Cape Blanco, Oregon, (42° 50' N. latitude) is 20 percent of all fish on board or 10,000 pounds, whichever is less (in round weights); however, this limit applies only if more than 1,000 pounds of Pacific ocean perch are onboard (50 FR 53325, December 31, 1985). Accordingly, the trip limit remains in effect for Pacific ocean perch caught between Cape Blanco and 47° 30' N. latitude.

**Secretarial Action**

For the reasons stated above, the Secretary announces the following:

(1) Pacific ocean perch from the Vancouver subarea (from 0 to 200 nautical miles offshore and between 47° 30' N. latitude and the southern U.S.-Canada border) may not be taken and retained, possessed, or landed.

(2) No person may fish in the Vancouver subarea while in possession of Pacific ocean perch.

(3) These provisions remain in effect from 0001 hours Pacific Standard Time, Monday, December 1, 1986, until 2400 hours Pacific Standard Time, Wednesday, December 31, 1986.

**Classification**

The determination to prohibit further landings of Pacific ocean perch taken from the Vancouver subarea is based on the most recent data available. This action is taken under the authority of 50 CFR 663.21(b) and 663.23, and is in compliance with Executive Order 12291. The actions are covered by the regulatory flexibility analysis prepared for the authorizing regulations.

Because of the immediate need to prohibit further landings of Pacific ocean perch and thereby prevent the excessive harvest that could otherwise result, the Agency finds that advance notice and public comment on this closure are impracticable and not in the



public interest, and that no delay should occur in its effective date. The public was notified at the Council's September and November 1986 meetings that landings of Pacific ocean perch taken from the Vancouver subarea were expected to be reached before the end of the year. The public had opportunity to comment at the Council's September and November 1986 meetings, and at

meetings of the Groundfish Management Team in September and October 1986. Public comments also will be accepted for 15 days after this notice is published in the *Federal Register*. The Secretary therefore finds good cause to waive the 30-day delayed effectiveness provision of § 663.23(c).

**List of Subjects in 50 CFR Part 663**

Fisheries, Fishing.

(16 U.S.C. 1801 et seq.)

Dated: November 26, 1986.

**Carmen J. Blondin,**  
*Deputy Assistant Administrator for Fisheries Resource Management, National Marine Fisheries Service.*

[FR Doc. 86-27073 Filed 11-26-86; 4:17 pm]

BILLING CODE 3510-22-M



# Proposed Rules

Federal Register

Vol. 51, No. 231

Tuesday, December 2, 1986

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## OFFICE OF PERSONNEL MANAGEMENT

### 5 CFR Part 213

#### Excepted Service; Schedule B Appointing Authority Revision

**AGENCY:** Office of Personnel Management.

**ACTION:** Proposed rulemaking.

**SUMMARY:** The Office of Personnel Management (OPM) proposes to revise the Schedule B excepted service appointing authority used by agencies to hire high school vocational cooperative education program participants in skilled trades and crafts occupations. The proposed change would permit appointments under the authority to be made by any agency with prior OPM approval. The current language of the authority refers only to positions in the Department of the Navy.

**DATE:** Written comments will be considered if received no later than February 2, 1987.

**ADDRESS:** Send or deliver written comments to the Chief, Staffing Policy Analysis Division, Career Entry Group, Office of Personnel Management, Room 6504, 1900 E Street NW., Washington, DC 20415.

**FOR FURTHER INFORMATION CONTACT:** Tracy E. Spencer, (202) 632-6817.

**SUPPLEMENTARY INFORMATION:** The Schedule B appointing authority was established as a supplementary recruiting source in the skilled trades and craft occupations for which other sources are not always adequate. Appointments are limited to positions in occupational series for which a directly related high school level vocational skills training program can be identified. Students who complete at least 1,040 hours of satisfactory career-related work experience prior to graduation may be non-competitively converted to career-conditional appointments at grade levels up to and including WG-5 and equivalent under the provisions of

Executive Order 12015. However, those conversions may not account for more than 25 percent of an installation's total annual hiring at the WG-5 level and below in the covered occupations.

When the Schedule B authority was established in 1978, only the Department of the Navy sought inclusion under it even though the intent was that any agency could request coverage. In 1981, at the request of the Department of the Air Force, coverage of the authority was expanded to include Air Force. Through oversight, however, the change was never published. These proposed regulations would correct this omission and provide for use of the Schedule B appointing authority by any agency that has a qualifying program. The requirement that OPM approve an agency's use of the authority is retained to ensure that Schedule B appointments are limited to occupations in which structured vocational training programs exist and in which the quantity or quality of candidates available through other sources will not meet the agency's staffing needs.

#### E.O. 12291, Federal Regulation

I have determined that this is not a major rule as defined under section 1(b) of E.O. 12291, Federal Regulation.

#### Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because it affects only the procedures used to appoint certain employees in Federal agencies.

#### List of Subjects in 5 CFR Part 213

Government employees.

Office of Personnel Management.  
Constance Horner,  
Director.

Accordingly, OPM proposes to amend 5 CFR Part 213 as follows:

#### PART 213—EXCEPTED SERVICE

1. The authority citation for Part 213 is revised to read as follows:

**Authority:** 5 U.S.C. 3301 and 3302, E.O. 10577, 3 CFR 1954-1958 Comp., p. 218; Section 213.101 also issued under 5 U.S.C. 2103; Section 213.102 also issued under 5 U.S.C. 1104, Pub. L. 95-454, sec. 3(5); Section 213.3102 also issued under 5 U.S.C. 3301, 3302 (E.O. 12364, 47 FR 22931), 3307, and 8337(h).

2. In § 213.3202, paragraph (e) revised to read as follows:

#### § 213.3202 Entire executive civil service.

(e) Positions in shipyards, air rework facilities, and other major industrial activities that prepare students at the high school level (upon satisfactory completion of a cooperative education program of at least 1,040 hours) for employment in preapprentice positions or in helper positions at the WG-5 level or below. Agencies may make appointments under this authority only with prior approval or OPM and only under the following conditions:

(1) Employment is limited to skilled trades and crafts occupations having a journeyman level of WG-9 or above;

(2) Not more than 25 percent of the positions in covered occupations will be filled annually at any single installation through this conversion authority;

(3) The maximum time during which any student will be employed in the program is 18 months;

(4) Except for the conditions specified in this authority, students will be subject to instructions governing all other high school vocational education students in cooperative education programs; and

(5) Any student who completes a program without a diploma must have authenticated certificate from the school indicating satisfactory completion in his/her personnel folder.

[FR Doc. 86-26999 Filed 12-1-86; 8:45 am]

BILLING CODE 6325-01-M

### 5 CFR Part 735

#### Non-Public (Confidential) Financial Disclosure

**AGENCY:** Office of Personnel Management.

**ACTION:** Proposed regulations.

**SUMMARY:** The Office of Government Ethics proposes to issue regulations to establish a system of non-public (confidential) financial reporting for certain officers and employees of the executive branch. Such non-public (confidential) reporting would complement the public financial disclosure system established by Title II of the Ethics in Government Act of 1978 for certain high-level executive branch



employees. In general, the non-public (confidential) reporting system applies to employees who have duties and responsibilities involving significant discretionary actions and who are not already covered by the public reporting requirements, although it can cover the latter under certain circumstances. It is designed to elicit only information that is necessary to administer the criminal conflict of interest laws, administrative standards of conduct, and related agency-specific restrictions. Because relevant information will vary from agency to agency depending upon each agency's authorized activities, those proposed regulations establish a reporting scheme that would allow each agency to tailor its reporting requirements and form to its own needs.

**DATE:** Comments must be received on or before February 2, 1987.

**ADDRESS:** Office of Government Ethics, P.O. Box 14108, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Jane Ley or Nancy Janes, (202) 632-0569.

**SUPPLEMENTARY INFORMATION:** Section 207(a) of title 5, App. 4, United States Code, as amended, gives the President authority to require officers and employees in the executive branch who are not covered by the public financial disclosure system to submit confidential financial disclosure reports. Executive Order 11222 of May 8, 1965, as amended by Executive Order 12565 of September 25, 1986, provides for such system of non-public (confidential) financial reporting for certain officers and employees of the executive branch. Section 1 of Executive Order 12565 gives the Office of Government Ethics responsibility for administering the non-public (confidential) reporting system.

The proposed regulations cover, among other subjects, the criteria an agency must use to determine who must file confidential reports and the contents of the reports, filing procedures, review procedures, and penalties for falsifying or failing to file required information.

#### E.O. 12291, Federal Regulation

I have determined that this is not a major rule as defined under section 1(b) of E.O. 12291.

#### Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because it only affects Federal employees.

#### List of Subjects in 5 CFR Part 375

Conflicts of interest, Financial disclosure, Government employees.

Office of Government Ethics.

David H. Martin,

Director, Office of Government Ethics.

Accordingly, the Office of Personnel Management is proposing to amend Part 735 of Title 5 of the Code of Federal Regulations as follows:

### PART 375—EMPLOYEE RESPONSIBILITIES AND CONDUCT

1. The authority citation of Part 735 is revised to read as follows:

**Authority:** Titles II and IV of Pub. L. 95-521 (October 26, 1978), as amended by Pub. L. 96-19 (June 13, 1979); Pub. L. 98-150 (November 11, 1983); secs. 602, 701, 702, E.O. 11222, 3 CFR, 1964-1965 Comp. p. 306, 18 U.S.C. 201 note; Pub. L. 99-190 (December 19, 1985), sec. 148; E.O. 12565 (September 25, 1986).

2. Subpart D of Part 735 is revised to read as follows:

\* \* \* \* \*

#### Subpart D—Agency Regulations Governing Statements of Employment and Financial Interests

Sec.

- 735.401 General provisions.
- 735.402 Persons required to file.
- 735.403 Contents of reports—employees.
- 735.404 Contents of reports—special Government employees.
- 735.405 Contents of reports—special exceptions.
- 735.406 Reporting periods.
- 735.407 Filing procedures—when to file.
- 735.408 Filing procedures—where to file.
- 735.409 Review of reports.
- 735.410 Penalties.
- 735.411 Issuance, approval, and publication of agency regulations.
- 735.412 Forms.

#### Subpart D—Agency Regulations Governing Statements of Employment and Financial Interests

##### § 735.401 General provisions.

(a) **Authority.** These regulations in this subpart are issued pursuant to the authority of section 207(a) of the Ethics in Government Act of 1978 (the Act), as amended by section 148 of Pub. L. 99-190 (December 19, 1985) and E.O. 12565 (September 25, 1986).

(b) **Purpose.** This subpart sets forth the requirements for a non-public financial disclosure system for certain employees in the executive branch and furnishes examples, where appropriate.

(c) **Agency regulations.** Each agency shall, subject to prior written approval of the Office of Government Ethics, issue regulations implementing this subpart. The agencies' regulations—

(1) Shall be consistent with the Act and this subpart; and

(2) Shall impose no additional reporting requirements on persons subject to this subpart unless

specifically approved by the Office of Government Ethics. Requests for approval shall be submitted in accordance with § 735.411.

(d) **Policies.** (1) The non-public (confidential) financial reporting system set forth in this subpart is designed to complement the public reporting system established by Title II of the Act. While the highest level officials in our Government are required to report certain financial interests publicly to demonstrate that they are carrying out their duties without compromising the public trust, it is equally important to the efficient and honest operation of the Government that other employees with duties and responsibilities involving significant discretionary actions report their financial interests and responsibilities and outside activities to their employing agencies for conflict-of-interest review. These reports are an agency tool in administering its ethics program and providing counseling to these employees, and are filed on a non-public (confidential) basis.

(2) The non-public (confidential) reporting system is designed to seek only that information from employees that is relevant to the administration and application of the criminal conflict-of-interest laws, the administrative standards of conduct, and related agency-specific statutory and program restrictions. Because relevant information will vary from agency to agency depending upon each agency's authorized activities, this subpart sets forth a scheme whereby each agency may, subject to the approval of the Office of Government Ethics, tailor its own reporting requirements and reporting form to its own needs. Each agency's requirements must fall within the parameters outlined by this subpart.

(3) This subpart also allows an agency to request, on a confidential basis, additional information from persons subject to the public reporting requirements of Part 734. The public reporting requirements of the Act were geared to Government-wide concerns. The reporting requirements of this subpart are specific to executive branch concerns. When those concerns require additional reporting from employees filing public reports, an agency may do so on a confidential basis with approval from the Office of Government Ethics. This additional information will not be more extensive than that information required under this subpart for other full-time employees of the agency. It will be used to supplement the information already reported on the employee's Standard Form (SF) 278 so that an adequate review of the employee's



interests under applicable conflict-of-interest regulations and statutes may be made.

(4) The reports filed pursuant to this subpart are specifically required to be withheld from the public pursuant to section 207(a) of the Act. Section 207(a) has left no discretion on this issue with the agencies. Accordingly, pursuant to Exemption 3 of the Freedom of Information Act (FOIA), 5 U.S.C. 552(b)(3)(A), the non-public (confidential) reports provided for by this subpart and the information they contain are exempt from public disclosure under FOIA, without the weighing of the public interest that would be appropriate if Exemption 3 were not applicable. Agency personnel shall not publicly release the reports or the information they maintain except pursuant to the order of a Federal court.

(5) The executive branch hires or uses the unpaid services of many individuals on an advisory or other less than full-time basis in the capacities of special Government employees. It is important for agencies utilizing such individuals' services and for the individuals themselves to anticipate potential conflict-of-interest situations and to avoid them. To assist an agency in identifying actual or potential conflicts and in counseling these individuals on how to avoid them, this subpart also allows agencies to require confidential financial reporting on the part of these individuals even if their positions are covered by Part 734 of this title. Because of the part-time nature of the duties performed by these individuals, agencies may determine that only limited information need be required from them. This subpart therefore allows agencies to develop a reporting system that seeks this more limited information, again with approval of the Office of Government Ethics.

(e) *Definitions.* In this subpart—  
"Employee" means each officer or employee in the executive branch, including a special Government employee as defined in 18 U.S.C. 202, but shall not include an individual performing services for the United States as an independent contractor under a personal service contract.

"Executive branch" means an executive agency (as defined in 5 U.S.C. 105), the Postal Rate Commission and United States Postal Service, and any other entity or administrative unit in the executive branch unless such agency, entity, or unit is specifically included in the coverage of Title I or III of the Act (relating, respectively, to the legislative and judicial branches).

"Gift" means a payment, advance,

forbearance rendering, deposit of money, or anything of value, received directly or indirectly unless consideration of greater or equal value is received by the donor, but does not include—

(1) Bequests and other forms of inheritance; and

(2) Food, lodging, transportation, and entertainment provided by a foreign government within a foreign country (and properly accepted under the terms of the Foreign Gifts Act) or by the United States.

"Reimbursement" means the repayment of expenses incurred by the reporting individual or spouse by a source other than the U.S. Government or a relative.

"Relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the reporting individual, and shall be deemed to include the fiance or fiancée of the reporting individual.

"Reporting period" means the period of time for which the reporting individual must provide the information required by the confidential financial disclosure report. The reporting period will vary depending upon whether the employee is filing an initial report, a termination report, or an annual report.

"Represent" means to act as an agent or attorney or other representative on behalf of a nongovernmental party in an appearance, or to communicate with the intent to influence on behalf of a nongovernmental party.

"Special government employee" means a special Government employee as defined in section 202 of title 18, United States Code, who is employed in the executive branch.

#### § 735.402 Persons required to file.

(a) *Employees not covered by Part 734 (public reporting system).* Each agency shall require a non-public financial disclosure report containing the information required by § 735.403 from each employee not otherwise required to file under Part 734 of this title who holds a position classified at GS-15 or below under section 5332 of title 5, United States Code, or as determined by his or her agency to be in a comparable level of position under another authority if—

(1) The duties and responsibilities of the position require the employee to exercise judgment in participating in or making Government decisions or taking Government actions in regard to—

(i) Contracting or procurement;

(ii) Administering or monitoring grants, subsidies, licenses or other benefits;

(iii) Regulating or auditing non-Federal entities;

(iv) Criminal or civil law enforcement; or

(v) Other activities in which the final decision or action will have a significant economic impact on the interests of any non-Federal entity; or

(2) The agency determines that the duties and responsibilities of the position require the employee to file such a report to avoid involvement in a possible conflict-of-interest situation and to carry out the purpose of any statute, Executive order, or regulation applicable to or administered by that employee.

Examples of who must file:

#### Example 1

Although she has no dealings with contractors, an employee (GS-11) recommends the level of supply of items that must be obtained from contractors and the employee's recommendations are normally followed. The employee should be required to file a non-public financial disclosure report.

#### Example 2

A government physician, while not directly involved in the procurement process, makes recommendations regarding the kinds of medical supplies and equipment that should be used in certain medical activities. The physician's recommendations are normally followed and, in at least some cases, adoption of the recommendations means that the supplies and equipment must be obtained from a particular supplier or manufacturer. The physician should be required to file a non-public financial disclosure report.

#### Example 3

A bank examiner (GS-13) conducts audits of banks to determine compliance with a Federal regulatory scheme. The bank examiner should be required to file a non-public financial disclosure report.

(b) *Employees covered by Part 734 (public reporting system).* Each agency may require an employee covered by Part 734 of this title to file on a confidential basis any or all information required by the agency under § 735.403 of persons covered by paragraph (a) of this section.

(c) *Special Government employees.* Each agency may require a non-public financial disclosure report containing



any or all of the information required by § 735.404 from each special Government employee.

#### Example 4

An advice and consent appointee to a part-time government position is by statute paid at a daily rate of Level V of the Executive schedule. The individual serves less than 60 days each year and therefore is not required to file a public financial disclosure report. The agency should request the individual to file a non-public financial report pursuant to this subpart.

(d) *Exclusions.* Individuals in positions that meet the criteria in paragraphs (a), (b), or (c) of this section may be excluded from all or a portion of the reporting requirements when the agency head determines that—

(1) The duties of a position are such that the likelihood of the incumbent's involvement in a conflict-of-interest situation is remote;

(2) The duties of a position are at such a level of responsibility that the submission of a non-public financial disclosure report is not necessary because of the inconsequential effect on the integrity of the Government; or

(3) The use of an existing or alternative procedure approved by the Office of Government Ethics is adequate to prevent possible conflicts of interest.

(e) *Challenge of filing requirement.* Agency regulations issued under this subpart shall inform eligible individuals of the opportunity for review by the agency head of a complaint by an individual that his or her position has been improperly determined by the agency as one requiring the submission of a non-public financial disclosure report pursuant to this subpart. A decision by the agency head shall be final.

#### § 735.403 Contents of reports—employees.

(a) Except as provided by § 735.405, reports required to be filed under this subpart shall contain the same information for the employee, the employee's spouse, and dependent children.

(b) The information required to be disclosed on reports filed under this subpart shall include—

(1) The source and nature of any investment income received during the reporting period as well as a description of any other asset held for the production of income at the end of the reporting period, which did not generate income during the reporting period. For sources of investment income or investments that are not listed on a stock exchange, the employee must also

provide a description of the source or nature of the business in which it is engaged. Such reporting will include the sources of income earned during the reporting period whether or not the income was subject to Federal income tax during that period.

*Examples of assets and sources of income:* Stocks, bonds, limited partnerships, real estate, mutual funds, futures contracts, IRA assets, interests in pension plans, assets of trusts, art collections, stocks sold for capital gains, and bonds that mature during the reporting period.

*Examples of nature of income:* Dividends, interest, capital gains, partnership distributions, rents, and royalties.

*Examples of descriptions:* OPQ, Inc.—closely held corp. engaged in residential real estate investments in Columbus, Ohio; Rebel #1, oil and gas joint venture, Enid, OK; Big Splash, family-owned swimming pool sales co., Honokaa, Hawaii.

(2) The purchase or sale during the reporting period of any assets held for the production of income, i.e., investment purposes, indicating the date on which the transaction occurred.

#### Example

GE common, sold 2/14/86; TEXACO common, purchased 1/3/86; Remington bronze "Wolf Hunter", purchased 4/1/86.

(3) The source of any earned income received during the reporting period and a brief description of the services performed for such income. If the employee or the employee's spouse is engaged in a profession involving the provision of personal services, such as law, consulting, or medicine, the employee need only disclose the business entity from which the employee or spouse received the ultimate compensation and a brief description of the services provided. In the case of honoraria earned personally by the employee, the employee must also disclose the date and the amount.

#### Example

Name of law firm but not client's names if employee is a lawyer in a firm; if employee holds a second job, name of employer (and the type of services provided); name of spouse's or dependent child's employer; source of any honoraria received by the employee and the date services were performed; name of trust or estate from which employee receives trustee's or executor's fees.

(4) The source of any gifts received by the employee, or received by the employee's spouse or dependent child during the reporting period when the gift was not given totally independent of the

recipient family member's relationship to the employee, if the value of the gift is in excess of \$10. The employee need not disclose gifts from a relative, an individual to whom the employee is engaged to marry, or from a personal friend. The gifts must be paid for by the relative, fiancée, fiancé, or personal friend rather than any business entity with whom the individual giving the gift is associated to qualify for this exception.

*Examples of gifts that must be disclosed:* Lunch or dinner at a restaurant when cost is more than \$10; tickets to an event costing more than \$10; vases, jewelry, books, statues, memorabilia of a value of more than \$10; Lunch of more than \$10 with a personal friend for which the friend paid with a business credit card.

*Examples of gifts that need not be disclosed:* Any gift from parents, spouse, or child, or other "relative"; gifts from personal friend paid for by that friend.

(5) The name and brief description of the purpose of any profit or non-profit organization or trust, except for one established for religious, social, fraternal, or political purposes, in which the employee serves or served during the reporting period as an officer, director, trustee, partner, proprietor, representative, executor, employee, or consultant, and the title of the position held.

(6) The name and address of any non-federal entity or person with whom the employee has an agreement or arrangement for employment either during Federal service or following it. If the agreement is for present outside employment, the employee must indicate the official who granted approval for outside employment and the date on which it was granted, if such approval is required by the employee's agency.

(7) The name and address of any business or partnership in which the employee owns more than 20 percent of the controlling interest and which contracts with the Federal Government, the name of the Federal agency or agencies with which it contracts, and a good faith estimate of the percentage of the business or partnership owned by the employee.

(c) In addition to the information required by paragraphs (a) and (b) of this section, an agency may, with the written permission of the Office of Government Ethics pursuant to § 735.401(c), request the following additional information:

(1) The name and address of any person or entity to whom the employee



owes money and the terms governing its repayment; and

(2) Any information required by the agency to administer a provision of statute or regulation for which it has legal authority to do so.

(d) An agency may determine that certain information otherwise required by paragraphs (a), (b), or (c) need not be reported by employees of that agency because the financial interests disclosed as part of that information will not create an actual or apparent conflict for employees carrying out the normal activities of the agency or the employee is a new entrant to Government service and certain information is not necessary from first-time filers. With prior approval from the Office of Government Ethics, an agency—

(1) For all filers, may eliminate all or part of the following items from its requirements for reporting:

(i) Interests in any or all real property;

(ii) Demand or time deposits in regulated financial institutions;

(iii) Federal, state, or local government securities;

(iv) Life insurance policies; and

(v) Creditors to whom debts for credit card transactions, retail installment contracts, personal residences or recreational property, personal use cars, or ordinary household expenses are owed; or creditors who are relatives; or financial institutions to whom a debt was incurred in the ordinary course of business; or insurance companies where loans are secured by a policy on the employee or employee's spouse, and,

(2) For first-time filers who are entering Federal service from the private sector, may eliminate—

(i) The source and nature of investment income received from assets no longer held at the date of entry into Federal service;

(ii) The purchase or sale of any asset held for the production of income that occurred prior to the date of entry into federal service;

(iii) The source, the date, or the amount of any honoraria received prior to entry into Federal service; and/or

(iv) The source of any gifts received by the employee, employee's spouse, or dependent child when the gifts were given totally independent of the employee's impending appointment to a Federal position.

#### § 735.404 Contents of reports—special Government employees.

Reports required to be filed by special Government employees shall include that information required by § 735.403(a) and (b) (1), (3), and (5), and may, with prior approval of the Office of Government Ethics, include information

required by paragraph (c) of that section or exclude information noted in paragraph (d) of that section.

#### § 735.405 Contents of reports—special exceptions.

(a) *Spousal interests.* The interests of a spouse, which are the subjects of,

(1) A final decree of separation;

(2) An interim or interlocutory decree;

or

(3) A separation agreement formally executed by the parties in anticipation of its incorporation into a final decree of divorce or separation, need not be reported.

(b) *Trusts.* An employee need not disclose the assets of, sources of income of, or transactions of, a trust if—

(1) The trust is a qualified blind or qualified diversified trust certified by the Office of Government Ethics pursuant to § 734.405 of this title and is otherwise reported on the report filed under this subpart by name of trust and date of execution; or

(2) The trust is an "excepted" trust, that is, a trust—

(i) That was not created by the employee, or the employee's spouse or dependent child;

(ii) The holdings or sources of income of which the employee, or employee's spouse or dependent child have no knowledge; and

(iii) The existence of which as an asset or income source is disclosed on the report.

#### § 735.406 Reporting periods.

(a) *Employees filing for the first time.* To the extent that the information is required by the agency, the reporting period for sources of investment income no longer held at the date of entry into the covered position, sources of earned income, purchases and sales of assets held for the production of income, gifts, fiduciary positions held, agreements or arrangements for present or future nonfederal employment, and liabilities, is the prior calendar year and that portion of the current calendar year up to the date of filing. Assets held for the production of income and the information required by § 735.403(b)(7) must be reported if held on the date of entry into Federal service. The reporting period for information required under § 735.403(c)(2) shall be established by the agency with the written approval of the Office of Government Ethics.

(b) *Employees filing annually.* The reporting period for all items except non-income producing assets, which are nevertheless held for the production of income, is the prior calendar year. The non-income producing assets must be reported if held as of December 31 of the

prior calendar year. For information required under § 735.403(c)(2), the reporting period is the prior calendar year unless otherwise approved in writing by the Office of Government Ethics.

(c) *Employees leaving covered positions.* The reporting period for all requirements except non-income producing assets is the period of time between the applicable information on the employee's previous report and the date of filing or the date of leaving the covered position.

*Examples:* The reporting period for an employee who files a report for calendar year 1985 and leaves a covered position on October 1, 1986, is January 1 to, at the latest, October 1, 1986. The reporting period for an employee who entered Federal service on June 1, 1985, and leaves on February 2 is June 1, 1985, to, at the latest, Feb. 2, 1986. (Because employees may begin filing termination reports within 15 days of leaving, the examples note this by using the term "at the latest.")

(d) *Special Government employees.* The reporting periods shall be established by each agency that requires reports from such individuals. Because of the duties normally performed by these individuals, an agency may wish to use the same reporting periods as those set out in paragraph (a) of this section.

#### § 735.407. Filing procedures—when to file.

(a)(1) In general, for a full-time employee covered by § 735.402(a) or (b), an agency should collect a report.

(i) At the time the employee enters a covered position;

(ii) Each year he or she remains in a covered position; and

(iii) At the time the employee leaves Government employment or leaves a covered position to one not covered by this subpart or by Part 734 of this chapter.

(2) A special Government employee covered by § 735.402(c) should be required to file upon appointment and thereafter during any year he or she actually serves the Government.

(b) Each agency, with the prior written approval of the Office of Government Ethics, may establish its own date or time period by which its employees must file these reports; or, it may by reference or restatement in its regulations issued pursuant to § 735.401(c), adopt the dates and time periods set forth in paragraph (c) of this section. Agencies that wish to establish their own dates and time periods shall use the following guidelines:

(1) Annual reports for employees covered by § 735.402(a) and (b) should



be collected within 6 months of the end of the calendar year covered;

(2) A report from an employee newly entering a position covered by § 735.402(a) and (b) should be collected no later than 45 days following the employee's entry into the position;

(3) A report from an employee leaving a position covered by § 735.402(a) and (b) should be collected no earlier than 15 days before departure and no later than 30 days following departure;

(4) Reports from special Government employees covered by § 735.402(c) should be collected initially no later than 30 days following appointment and thereafter, during any year they actually serve, on either the same date required of annual filers or a time period that begins 45 days prior to and extends to the first date the special Government employee actually provides services to the agency that year; and

(5) Provisions for extensions of the filing deadlines should be in writing, show good cause, and be for no more than 45 additional days.

(c) Agencies that do not wish to establish their own filing dates and time periods shall use the following:

(1) An annual report for an employee covered by § 735.402 (a) and (b) shall be filed on or before June 30 of each year;

(2) A report from an employee newly entering a position covered by § 735.402(a) or (b) shall be filed within 30 days of the date the employee entered into the position;

(3) A report from an employee leaving a position covered by 735.402 (a) or (b) shall be collected no earlier than 15 days prior to the employee's departure from the position by no later than 30 days following departure;

(4) A report from a special Government employee covered by § 735.402(c) shall be collected (i) initially no later than 30 days following appointment; and (ii) for each year thereafter in which he or she actually provides services under that appointment, during the period that begins 45 days prior to the first date that year for actual service and extends to 5 days after that first date; and

(5) Extensions of time for filing any report required by persons covered under § 735.402 shall not exceed 45 days from the last date on which the report was required and may be granted in writing only by the designated agency ethics official or authorized delegate for good cause shown.

#### § 735.408 Filing procedures—where to file.

Each agency shall specify by regulation, or otherwise in writing, in a manner approved in writing by the Office of Government Ethics, where

employees covered by § 735.402 shall file the reports required by this subpart. Generally, such reports shall be filed with the designated agency ethics official or delegate.

#### § 735.409 Review of reports.

(a) *In general.* Reports shall be reviewed by the appropriate reviewing official within the agency review system established pursuant to § 738.203(b)(2) of this title. Initial review by the certifying official shall be completed within 60 days after the date of filing.

(b) *Responsibilities of reviewing officials—(1) Initial review.*

(i) The reviewing official shall review each report to determine to his or her satisfaction that—

(A) Each item is completed; and  
(B) No interest or position disclosed on the form violates or appears to violate—

(1) Any applicable provision of chapter 11 of title 18 of the United States Code (Part 1);

(2) The Ethics in Government Act of 1978, as amended, and the regulations promulgated thereunder;

(3) Executive Order 11222, as amended, and applicable regulations promulgated thereunder; or

(4) Any other related statute or regulation applicable to the employees of the agency.

(ii) The reviewing official shall not sign and date the report until that determination is made. A reviewing official need not audit the report to ascertain whether the disclosures are correct; disclosures are to be taken at "face value" unless there is a patent omission or ambiguity or the official has independent knowledge of matters outside the report. A report that is signed by a reviewing official shall signify that the agency has found that the information contained in the report discloses no conflict of interest under applicable laws and regulations and that the report fulfills the requirements of this paragraph (b)(1).

(2) *Requests for additional information.* If the reviewing official believes that additional information is required, the official shall document this request for additional information, indicating a date by which the information must be submitted. This additional information shall be made a part of the report.

(3) *Inadequate additional information.* If the reviewing official concludes on the basis of the information disclosed in the report and any additional information required under paragraph (b)(2) of this section that—

(i) The report fulfills the requirements of paragraph (b)(1) of this section, the

reviewing official shall sign and date the report; or

(ii) The report does not fulfill the requirements of paragraph (b)(1) of this section, the official shall:

(A) Notify the reporting individual of this opinion;

(B) Afford the reporting individual a reasonable opportunity for an oral or written response; and

(C) Determine on the basis of the response whether or not the report fulfills the requirements.

(4) *Review to determine remedial action.*

(i) If the reviewing official concludes, after following the procedure set forth in paragraph (b)(3)(ii) of this section, that—

(A) The report fulfills the requirements of paragraph (b)(1) of this section, the reviewing official shall sign and date the report and notify the reporting individual in writing that this action was taken; or

(B) The report does not fulfill the requirements of paragraph (b)(1) of this section, the reviewing official shall—

(1) Notify the individual of that opinion;

(2) Afford the individual an opportunity for personal consultation, if practicable;

(3) Determine what remedial action should be taken to bring the report into compliance; and

(4) Notify the individual in writing of the remedial action required, indicating a date by which that action must be taken.

(ii) Except in unusual situations, which must be fully documented to the satisfaction of the reviewing official, remedial action shall be completed within 90 days from the date the individual was notified that the action is required.

(5) *Remedial steps.* Remedial steps may include, as appropriate—

(i) Divestiture of the conflicting interest;

(ii) Restitution;

(iii) The establishment of a qualified blind trust under section 202(f)(3) of the Act;

(iv) A waiver under 18 U.S.C. 208(b)(1);

(v) Recusal; or

(vi) Voluntary request by the individual for transfer, reassignment, limitation of duties, or resignation.

(6) *Compliance or referral.* (i) If the reporting individual complies with a written request for remedial action required under paragraph (b)(4)(i)(B) of this section, the reviewing official shall indicate in a note on the report that this



action has been taken and shall sign and date the report.

(ii) If the reporting individual does not comply with a written request for remedial action, the reviewing official shall refer the matter for appropriate action to—

(A) The Secretary concerned, for a member of the uniformed services; or

(B) The head of the agency or department for any other officer or employee, other than the head of the agency; or

(C) The Office of Government Ethics for the head of any agency.

#### § 735.410 Penalties.

(a) *Administrative remedies.* Any individual failing to file a report or falsifying or failing to file required information, may be subject to any appropriate personnel or other action in accordance with applicable law or regulation. This action includes adverse action under Part 752 of this chapter.

(b) *Criminal liability.* Any individual who knowingly or willfully falsifies information on a report required to be filed under this subpart may also be subject to criminal prosecution under 18 U.S.C. 1001.

#### § 735.411 Issuance, approval, and publication of agency regulations.

(a) Each agency head shall prepare and submit to the Office of Government Ethics for approval, regulations in accordance with this subpart to implement an agency-wide system of non-public (confidential) financial disclosure.

(b) Requests for approval of agency regulations to be issued under this part shall be directed to the Office of Government Ethics, P.O. Box 14108, Washington, DC 20044.

(c) This section applies to any amendment of agency regulations issued under this part.

(d) An agency head who does not consider it feasible to prepare complete agency regulations under this subpart because of the small number of employees in the agency, or for another reason acceptable to the Office of Government Ethics, may adopt portions of the regulations in this part for application, as appropriate, to the employees and special Government employees of his or her agency if—

(1) The agency head obtains the written approval of the Office of Government Ethics; and

(2) After obtaining such approval, he or she submits a notice to the Office of the Federal Register announcing the applicability of this subpart to the employees of the agency.

#### § 735.412 Forms.

(a) The Office of Government Ethics shall develop a sample confidential financial disclosure form of general applicability upon which agencies may model their own forms. The sample form will include provisions covering the categories of information required under the regulations for all agencies as well as a series of optional provisions that agencies may add or delete to address the categories of information required under their regulations and approved by the Office of Government Ethics.

(b) In lieu of using the sample form prepared by the Office of Government Ethics, an agency may develop its own confidential financial disclosure form pursuant to the agency's regulations governing confidential reporting, which were approved by the Office of Government Ethics.

(c) Each agency must submit a copy of the confidential financial disclosure form it intends to use to the Office of Government Ethics for approval prior to use. This requirement for prior approval applies whether the agency is planning to use the Office of Government Ethics' sample form or whether it is developing its own form under paragraph (b) of this section.

(d) Requests for approval of an agency's confidential financial disclosure form and any subsequent revisions shall be directed to the Office of Government Ethics, P.O. Box 14108, Washington, DC 20044.

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BILLING CODE 6325-01-M

## DEPARTMENT OF AGRICULTURE

### Rural Electrification Administration

#### 7 CFR Part 1784

#### Discounted Prepayments on REA Notes

**AGENCY:** Rural Electrification Administration; USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Rural Electrification Administration (REA) proposes to amend 7 CFR Chapter XVII by adding Part 1784, Discounted Prepayments on REA Notes. The new part establishes policies and procedures to implement the provisions of 306B of the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) ("Act"). Section 306B authorizes the Administrator of REA to permit borrowers through September 30, 1987, to prepay loan made under the Act at the lesser of the outstanding principal

balance due on the loan or the loan's present value discounted from the face value at maturity at a rate set by the Administrator. These proposed regulations would provide a formula for computing the amount which the borrower must pay and establish certain other requirements which borrowers must meet in order to prepay loans.

**DATE:** Comments must be received by REA December 17, 1986.

**ADDRESS:** Comments should be addressed to: Director, Program Analysis Staff, U.S. Department of Agriculture, Rural Electrification Administration, Room 0014-S, 14th and Independence Avenue SW., Washington, DC 20250.

**FOR FURTHER INFORMATION CONTACT:** Thomas M. Scanlon, Director, Program Analysis Staff, U.S. Department of Agriculture, Rural Electrification Administration, 14th and Independence Avenue SW., Washington, DC 20250, Telephone: 202-382-1946.

**SUPPLEMENTARY INFORMATION:** Pursuant to the Act, REA hereby proposes to amend 7 CFR Chapter XVII by adding a new part concerning discounted prepayments on REA notes. This proposed action has been reviewed in accordance with Executive Order 12291, Federal Regulation. This action will not (1) have an annual effect on the economy of \$100 million or more; (2) result in a major increase in costs or prices for consumers, individual industries, Federal, State or local government agencies, or geographic regions; (3) result in significant adverse effects on competition, employment, investment or productivity, innovation, or on the ability of the United States-based enterprises to compete with foreign-based enterprises in domestic or export markets and therefore has been determined to be "not major." This action does not fall within the scope of the Regulatory Flexibility Act. REA has concluded that promulgation of this rule would not represent a major Federal action significantly affecting the quality of the human environment under the National Environment Policy Act of 1969 [42 U.S.C. 432 et seq. (1976)], and therefore, does not require an environmental impact statement or an environmental assessment. This program is listed in the Catalog of Federal Domestic Assistance under No. 10.850, Rural Electric Loans and Guarantees and No. 10.851, Rural Telephone Loans and Loan Guarantees, No. 10.852, Rural Telephone Bank Loans. For the reasons set forth in the Final Rule related Notice to 7 CFR Part 3015, Subpart V (50 FR 47034, November 14,



1985), this program is excluded from the scope of Executive Order 12372 which requires intergovernmental consultation with State and local officials. Pub. L. 99-509 requires that implementing regulations be issued within 60 days after the date of enactment, which was October 21, 1986. In order to meet the statutory deadlines and still provide for a review and comment period on the proposed rule, the comment period has been shortened to 15 days.

#### Background

REA provides long-term low interest rate loans to eligible borrowers for the purpose of furnishing and improving electric and telephone service in rural areas. The notes evidencing such loans bear interest at either two or five percent. The notes, as well as the proceeds from the sale, assignment or prepayment of the notes are assets of the Rural Electrification and Telephone Revolving Fund ("Fund") to be used for such purposes as are permitted by the Act. Pub. L. 99-509, enacted October 21, 1986, amended the Act by adding section 306B which provides that an REA loan may not be sold nor prepaid at a value less than the face value of any outstanding principal balance on such loan, except when sold to or prepaid by the borrower at the lesser of the outstanding principal balance due on the loan or the loan's present value discounted from the face value at maturity at a rate set by the Administrator (Discounted Present Value). The exception is effective for the period ending September 30, 1987.

The proposed regulations would implement section 306B by providing a formula for computing the Discounted Present Value of notes and establishing other terms and conditions of prepayment. The proposed formula to determine the Discounted Present Value of the notes uses, as the discount rate, the average yield on "Aa" rated utilities published in Moody's Public Utility News Reports. This private market rate reflects the cost of financing for creditworthy utilities. Thus,

creditworthy borrowers may be encouraged to prepay their notes. At the same time, the Government would be realizing a maximum value from the notes when compared with a non-recourse sale of the notes in the private sector.

Among the terms and conditions of prepayment would be the following:

(1) Borrowers must prepay all notes evidencing loans made or guaranteed by REA or loans made by the Rural Telephone Bank;

(2) Borrowers must agree not to seek additional financial assistance under the Act; and

(3) Borrowers which are parties to wholesale power contracts with an REA financed power supplier will be required to provide assurances to the Administrator that they will meet their obligations to such power supplier.

#### List of Subjects in 7 CFR Part 1784

Administrative practice and procedure, Electric utilities, Telephone utilities.

In view of the above REA proposes to amend 7 CFR XVII by adding the following Part 1784 to read as follows:

#### PART 1784—DISCOUNTED PREPAYMENTS ON REA NOTES

Sec.

- 1784.1 Purpose.
- 1784.2 Definitions.
- 1784.3 Prepayment.
- 1784.4 Discounted present value.
- 1784.5 Eligibility criteria.
- 1784.6 Application procedure.
- 1784.7 Approval of applications.
- 1784.8 Prepayment agreement.
- 1784.9 Closing.
- 1784.10 Other prepayments.

Authority: 7 U.S.C. 901-950b; Title 1, Subtitle B, Pub. L. 99-509; delegation of authority by the Secretary of Agriculture, 7 CFR 2.23, delegation of authority by the Under Secretary for Small Community and Rural Development, 7 CFR 2.72.

##### § 1784.1 Purpose.

This Part sets forth the policies and procedures of REA whereby electric and telephone borrowers may prepay

outstanding REA Notes at the Discounted Present Value of the REA Notes.

##### § 1784.2 Definitions.

As used in this Part:

(a) "Act" means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

(b) "Administrator" means the Administrator of REA.

(c) "Discounted Present Value" shall have the meaning specified in § 1784.4.

(d) "Fund" means the Rural Electrification and Telephone Revolving Fund established pursuant to the Act.

(e) "Guaranteed Notes" shall mean those notes, bonds or other obligations the repayment of which is guaranteed by the Government pursuant to section 306 of the Act (7 U.S.C. 936).

(f) "REA Notes" means those notes, bonds or other obligations evidencing indebtedness created by loans made pursuant to Titles I, II or III of the Act (7 U.S.C. 901-940).

(g) "RTB Notes" means those notes, bonds or other obligations evidencing indebtedness created by loans made by the Rural Telephone Bank pursuant to Title IV of the Act (7 U.S.C. 941-950b).

##### § 1784.3 Prepayment.

Through September 30, 1987, the Administrator may, pursuant to this Part, permit eligible electric and telephone borrowers to prepay all outstanding REA Notes issued or assumed by such borrowers and held in the Fund, upon paying the lesser of the outstanding principal balance or the Discounted Present Value of the REA Notes.

##### § 1784.4 Discounted present value.

The Discounted Present Value shall be computed not more than 10 business days before prepayment is made by summing the present values of all remaining payments by using the following formula:

$$P_k = \sum_{i=1}^k \left[ 1.0 + \left( \frac{D1_i}{365} + \frac{D2_i}{366} \right) \times \bar{i} \right]$$



Where:

$P_k$  = Total payment, including interest, due on the  $k^{\text{th}}$  payment date following the prepayment date.

$n$  = Total number of remaining payments dates.

$I$  = The discount rate, in decimals, which shall be the average rate on utility bonus bearing a rating of "Aa" as set forth in that issue of Moody's Public Utility News Reports most recently published prior to the date on which Discounted Present Value is calculated.

$D1_i$  = Number of days in the  $i^{\text{th}}$  payment period that are in a non-leap year (365 day year).

$D2_i$  = Number of days in the  $i^{\text{th}}$  payment period that are in a leap year (366 day year).

#### § 1784.5 Eligibility criteria

To be eligible to prepay REA Notes at the Discounted Present Value a borrower must comply with the following criteria:

(a) The borrower must be current on all payments due on its outstanding REA Notes, RTB Notes and Guaranteed Notes;

(b) The borrower must agree to prepay all of its outstanding REA Notes, RTB Notes, and Guaranteed Notes in accordance with the prepayment terms of such notes as modified by this Part;

(c) The borrower must demonstrate the ability to obtain financing necessary to refinance its outstanding REA Notes, RTB Notes, and Guaranteed Notes, which financing may not include obligations the income of which is exempt from taxation under the Internal Revenue Code of 1954;

(d) The borrower must have expended all funds advanced on account of loans made or guaranteed pursuant to the Act for the purpose for which the loans were made.

(e) The borrower must agree that neither the borrower nor its successors or assigns will request additional advances of funds under commitments previously made or guaranteed pursuant to the Act or seek any additional financial assistance pursuant to the Act; and

(f) If the borrower is a party to a wholesale power contract with a power supplier financed pursuant to the Act, the borrower must provide the Administrator with such assurances as the Administrator may request that it will meet its obligations to the power supplier.

#### § 1784.6 Application procedure.

Any borrower seeking to prepay its REA Notes under this Part should apply to the Administrator, REA, by submitting:

(a) A board resolution that (1) requests approval of the prepayment of

the borrower's outstanding REA, RTB, and Guaranteed Notes, and (2) states the intent of the borrower to seek no additional financial assistance under the Act and, if the borrower is a party to a wholesale power contract with a power supplier financed pursuant to the Act, to continue to meet its obligations to such power supplier;

(b) A list of all REA, RTB, and Guaranteed Notes together with the outstanding principal on such notes; and

(c) Such additional information as the Administrator shall request.

#### § 1784.7 Approval of applications.

The applications will ordinarily be reviewed and, if satisfactory, approved, and closing scheduled based on the order in which applications are received. The Administrator may limit the number of applications approved and closings scheduled from time to time taking into account, among other matters, the financial interests and administrative considerations of the Government.

#### § 1784.8 Prepayment agreement.

Upon approving an application for prepayment under this Part, the Administrator shall notify the borrower and deliver to the borrower for its execution a prepayment agreement which shall set forth and provide:

(a) The REA Notes to be prepaid and the date upon which the Discounted Present Value will be calculated;

(b) Any RTB Notes and Guaranteed Notes to be prepaid;

(c) The date, place and conditions for closing;

(d) An agreement that neither the borrower nor its successor or assigns will request additional advances of funds under commitments previously made or guaranteed pursuant to the Act or seek any additional financial assistance pursuant to the Act;

(e) Assurances that the borrower will meet its obligations to any power supplier financed pursuant to the Act; and

(f) Such other terms and conditions as the Administrator deems appropriate.

#### § 1784.9 Closing.

(a) The borrower shall be responsible for obtaining all approvals necessary to consummate the transaction as required by the prepayment agreement including such approvals as may be required by regulatory bodies and other lenders.

(b) The REA Notes shall be prepaid at a closing to be held at the time and in the manner set forth in the prepayment agreement; provided, however, that no closing may be scheduled for after September 30, 1987. At closing a

borrower shall prepay the REA Notes by paying to the Government an amount equal to the Discounted Present Value of the REA Notes. The closing shall otherwise be conducted as prescribed in the prepayment agreement.

#### § 1784.10 Other prepayments.

REA loan documentation generally permits borrowers to prepay REA Notes by paying the outstanding principal balance due thereon. Nothing in this Part shall prohibit any borrower from prepaying its outstanding REA Notes in accordance with the terms thereof. The provisions of this Part shall not be applicable to such prepayment.

Dated November 26, 1986.

Jack Van Mark,

Acting Administrator.

[FR Doc. 86-27096 Filed 12-1-86; 8:45 am]

BILLING CODE 3410-15-M

## NUCLEAR REGULATORY COMMISSION

### 10 CFR Parts 2 and 20

#### Radioactive Waste Below Regulatory Concern; Generic Rulemaking

AGENCY: U.S. Nuclear Regulatory Commission.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Nuclear Regulatory Commission (NRC) is considering amending its regulations to address disposal of radioactive wastes that contain sufficiently small quantities or low concentrations of radionuclides that their disposal does not need to be regulated as radioactive. The NRC recently published a policy statement that provides guidance for filing petitions for rulemaking to exempt specific waste streams. Generic rulemaking might provide a more efficient and effective means of dealing with disposal of wastes below NRC regulatory concern. A generic approach could potentially reduce the burdens associated with disposal of radioactive waste by all Commission licensees. For NRC to find that wastes may be disposed of without regard to radioactive content, the disposal must not pose an undue risk to public health and safety or the environment. Generic rulemaking would supplement the earlier policy statement response to a mandate in section 10 of the Low-Level Radioactive Waste Policy Amendments Act of 1985 (Pub. L. 99-240).

DATE: The comment period expires March 2, 1987. Comments received after



this date will be considered if it is practical to do so but assurance of consideration may not be given except as to comments received on or before this date.

**ADDRESSES:** Mail comments to Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555; Attention: Docketing and Service Branch, or deliver comments to the NRC's Public Document Room, 1717 H Street NW., Washington, DC between 8:15 a.m. and 5:00 p.m. weekdays.

**FOR FURTHER INFORMATION CONTACT:** Kitty S. Dragonette, Division of Waste Management, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Telephone: (301) 427-4300.

**SUPPLEMENTARY INFORMATION:** On August 29, 1986, the NRC published a policy statement and staff implementation plan regarding how it plans to expedite handling of petitions for rulemaking to exempt specific radioactive waste streams from disposal in a licensed low-level waste disposal facility (51 FR 30839). The policy statement and staff implementation plan were published as Appendix B to 10 CFR Part 2. The policy statement and plan are in the nature of regulatory guidance for implementing existing requirements for rulemaking petitions contained in 10 CFR 2.802. These documents describe the kind of information petitioners should file to allow expedited Commission review of the petition as well as the decision criteria that should enable expedited action on petitions and upon which NRC would base its judgments.

Commenters should consult the August 29, 1986 Federal Register notice for assistance in formulating their comments on this issue. However, the decision criteria listed in the policy statement are repeated here for the reader's convenience.

1. Disposal and treatment of the wastes as specified in the petition will result in no significant impact on the quality of the human environment.

2. The maximum expected effective dose equivalent to an individual member of the public does not exceed a few millirems per year for normal operations and anticipated events.

3. The collective doses to the critical population and general population are small.

4. The potential radiological consequences of accidents or equipment malfunction involving the wastes and intrusion into disposal sites after loss of normal institutional controls are not significant.

5. The exemption will result in a significant reduction in societal costs.

6. The waste is compatible with the proposed treatment and disposal options.

7. The exemption is useful on a national scale, i.e., it is likely to be used by a category of licensees or at least a significant portion of a category.

8. The radiological properties of the waste stream have been characterized on a national basis, the variability has been projected, and the range of variation will not invalidate supporting analyses.

9. The waste characterization is based on data on real wastes.

10. The disposed form of the waste has negligible potential for recycle.

11. Licensees can establish effective, licensable and inspectable programs for the waste prior to transfer to demonstrate compliance.

12. The offsite treatment or disposal medium (e.g., sanitary landfill) does not need to be controlled or monitored for radiation protection purposes.

13. The methods and procedures used to manage the wastes and to assess the impacts are no different from those that would be applied to the corresponding uncontaminated materials.

14. There are no regulatory or legal obstacles to use of the proposed treatment or disposal methods.

The policy statement and staff implementation plan responded to the six-month mandate in the Low-Level Radioactive Waste Policy Amendments Act of 1985 which required NRC to establish standards and procedures for expedited action on below regulatory concern waste disposal petitions. However, the Commission realizes that a generic rulemaking on the issues associated with findings that certain wastes may be exempted from further NRC control of the radioactive content without posing an undue risk to public health and safety would reduce the issues to be considered in individual rulemakings on specific wastes. Generic rulemaking could also address broader issues associated with the general issue of slightly contaminated radioactive materials. The six-month mandate in the Act effectively precluded rulemaking as an initial approach but the Commission can now consider the matter more carefully. The policy statement and staff implementation plan will be used in the interim while the Commission considers rulemaking in the area. Publication of this notice should in no way discourage petitioners from making use of the option for petitions for expedited rulemaking on specific waste streams.

The NRC requests public comment on the general question of whether and

how to proceed on the matter of exempting slightly contaminated radioactive materials from its requirements for disposal. The NRC also seeks public comment with respect to the following issues and questions. (In responding, commenters are encouraged to provide specific suggestions and the basis for suggestions offered.)

(1) In the past, the Commission has concluded that consideration of exempting wastes from regulation on a waste-stream-by-waste-stream basis is the most practical way to proceed and will lead to exemptions most useful for licensees. Assuming this course of action, what type of rulemaking would facilitate exemption of waste streams? For example,

(a) Should the decision criteria listed above from the Commission policy statement be codified as rules instead of guidance?

(b) Should the decision criteria in the Commission policy statement be quantified where possible and then be codified to facilitate processing petitions?

(c) Should additional criteria be added or criteria be deleted before they are quantified and codified?

(2) Should the NRC take an entirely different approach than that reflected in the policy statement? For example,

(a) Should the NRC try to establish concentrations or quantities of radionuclides that are below regulatory concern regardless of the form or disposal circumstances? In the past, the Commission has concluded that such concentrations or quantities would be so low or small that they would be of no practical value to licensees. Factors such as the uncertainty in potential pathways and further uses or recycle of the contaminated materials and the consequent conservatism that must therefore be considered have contributed to this conclusion. Innovative ideas from commenters on how to deal with these uncertainties would be welcome.

(b) Should NRC develop a risk or dose value that would represent generic regulatory cut-off levels for an individual licensee's waste (e.g., 0.1, 1, or 10 millirems per year)? If so, how would a licensee demonstrate that its disposal practices do not result in members of the public being exposed in excess of the established limit? For example, can computer codes be developed that licensees would have to use to demonstrate compliance with a generic below regulatory concern risk or dose value? What survey, recordkeeping, and reporting



requirements should be included in such regulations?

(3) How can NRC most effectively address the potential for exposures of members of the public from multiple disposal practices or sources that are each below NRC regulatory concern? This concern has been addressed internationally and in the staff implementation plan published with the Commission's policy statement by limiting the maximum potential exposures from individual practices. Under this approach inadvertent exposure of a member of the public to five or ten individual disposal practices would still be of no regulatory concern. How can this aspect of below regulatory concern be best addressed in waste-stream-by-waste-stream or more generic approaches?

(4) Should NRC develop additional guidance instead of rulemaking? If so, what guidance would be most helpful?

(5) The Environmental Protection Agency (EPA) has issued notices on two aspects of slightly contaminated radioactive wastes. In its ANPRM on low-level wastes (48 FR 36563; August 31, 1983), EPA asked, "Are there some types or classes of radioactive waste which do not need regulatory control to protect the public?" In its ANPRM published June 18, 1986 (51 FR 22264), EPA requested comments on standards for residual activity in buildings and soils of facilities being decommissioned. Should NRC defer entirely, or only in part, to EPA standards development in this area?

(6) Are there other national or international standards or standards development activities that NRC should encourage or support that could negate or minimize the need for further NRC action?

#### List of Subjects

##### 10 CFR Part 2

Administrative practice and procedure, Antitrust, Byproduct material, Classified information, Environmental protection, Nuclear materials, Nuclear power plants and reactors, Penalty, Sex discrimination, Source material, Special nuclear material, Waste treatment and disposal.

##### 10 CFR Part 20

Byproduct material, Licensed material, Nuclear materials, Nuclear power plants and reactors, Occupational safety and health, Packaging and containers, Penalty, Radiation protection, Reporting and recordkeeping requirements, Special nuclear material, Source material, Waste treatment and disposal.

**Authority:** Sec. 161, 68 Stat. 948, as amended (42 U.S.C. 2201); sec. 201, 88 Stat. 1242, as amended (42 U.S.C. 5841).

Dated at Washington, DC, this 26th day of November, 1986.

For the Nuclear Regulatory Commission.

**Samuel J. Chilk,**

*Secretary to the Commission.*

[FR Doc. 86-27055 Filed 12-1-86; 8:45 am]

BILLING CODE 7590-01-M

#### 10 CFR Part 50

### Production and Utilization Facilities; Timing Requirements for Full Participation Emergency Preparedness Exercises for Power Reactors Prior to Receipt of an Operating License

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Proposed rule.

**SUMMARY:** The Nuclear Regulatory Commission (NRC or Commission) proposes to amend its regulations to relax the timing requirements for a full participation emergency preparedness exercise for power reactors prior to issuance of a full-power operating license. The proposed amendment would require a full participation exercise, that includes State and local governments, to be held within two years before the issuance of a full-power operating license, as opposed to the current requirement of within one year. Exercise without full participation would still be required on an annual basis.

**DATES:** Comment period expires January 2, 1987. Comments received after this date will be considered if it is practicable to do so, but assurance of consideration can be given only for comments filed on or before that date.

**ADDRESSES:** Submit written comments to: Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attn.: Docketing and Service Branch. Deliver comments to: Room 1121, 1717 H Street NW., Washington, DC, between 8:15 a.m. and 5:00 p.m. weekdays.

Examine comments received at: The NRC Public Document Room, 1717 H Street NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Michael T. Jamgochian, Regulatory Applications Branch, Office of Nuclear Regulatory Research, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Telephone (301) 443-7657.

**SUPPLEMENTARY INFORMATION:** The Commission's regulations regarding the frequency for full participation emergency preparedness exercise as originally adopted in 1980 had similar

requirements regarding the frequency for full participation emergency preparedness exercises by State and local governments in the emergency planning zones (EPZ) for sites with operating licenses and sites without operating licenses. In each case, the relevant State and local governments were required to participate in one annual exercise. Specifically, sites with an operating license were required to conduct full-scale exercises "at least once every five years and at a frequency which will enable each State and local government within the plume exposure pathway EPZ to participate in at least one full-scale exercise per year and which will enable each State within the ingestion pathway to participate in at least one full-scale exercise every three years." A "small-scale exercise" was required at each site with an operating license for each year a full-scale exercise was not conducted (45 FR 55402-55413, August 19, 1980).

At each site for which no operating license had been issued, the Commission's regulations required a full-scale exercise "within one year before the issuance of the operating license for full power, which will enable each State and local government within the plume exposure EPZ and each State within the ingestion pathway EPZ to participate." *Id.*

The Commission in 1984 revised its emergency preparedness regulations to relax the frequency of full participation exercises by State and local governments for sites with an operating license. This was done in part because the Federal Energy Management Agency (FEMA), based on its experience in observing and evaluating exercises, adopted a biennial, rather than an annual, requirement for full participation exercises. Under the biennial requirement adopted by the Commission, State and local governments need only participate in one full participation exercise, at any site, every two years so long as they participate in a full participation exercise at each individual operating reactor site every seven years. The Commission revised this regulation because it found that annual exercises use a disproportionate amount of Federal, State, and local government resources, and that State and local governments frequently exercised their emergency preparedness capabilities by responding to a variety of natural and man-made emergencies, such as chemical spills, on a continuing basis. The Commission concluded that biennial full participation exercises were adequate to protect public health



and safety. The Commission in revising its regulations for full participation exercises retained the requirement for annual exercises of each licensee's emergency plan (49 FR 27733, July 6, 1984).

The Commission did not make a similar change regarding the required frequency of full participation exercise at sites without an operating license. Because of the opportunity in an operating license proceeding under Section 189a of the Atomic Energy Act for a hearing on the results of a full participation exercise, this requirement created some difficulty in scheduling the exercise so that it would allow time for a hearing while still being conducted within one year of plant readiness to be licensed. In 1982 the Commission adopted a rule which, by finding that emergency preparedness exercises were not required for a Licensing Board, Appeal Board, or Commission decision, would have allowed the exercise to be conducted close enough to a licensing decision to avoid this difficulty and to avoid annual pre-licensing exercises (47 FR 30232, July 13, 1982). However, the Court of Appeals for the District of Columbia Circuit vacated that rulemaking. The court held that the Commission could not remove from the hearing required under Section 189a of the Atomic Energy Act a material issue relevant to its licensing decision, and that the prelicensing exercise was such a material issue. *Union of Concern Scientists v. NRC*, 735 F.2d 1437 (D.C. Cir. 1984), cert. denied 105 S.Ct. 815 (1985).

The Commission has thus been left with a regulatory scheme for frequency of full participation emergency preparedness exercises that treats sites with an operating license differently than sites without an operating license. The Commission does not believe this disparity in treatment is warranted. The Commission is concerned about the burden the present rule may place on State and local governments. The requirement that those governments participate in a full participation exercise every two years is in addition to the requirement for their participation at sites without an operating license. Requiring annual participation at sites without operating licenses could thus place a significant burden on State and local government resources.

The Commission in the prior rulemaking determined that emergency preparedness would be adequate if State and local governments participated in an exercise every two years. There seems to be little reason why State and local governments

nonetheless should have to participate in full participation exercises on an annual basis in the pre-licensing stage solely because a license did not issue within 365 days of the exercise. The only requirement should be that the participants be adequately in place and trained to make the exercise meaningful. This could well occur two years before issuance of an operating license. If the exercise demonstrates that preparedness was inadequate, then remedial steps, including another exercise, if appropriate, can be taken. Moreover, in accord with the Commission's regulations for sites with operating licenses, applicants will still have to conduct annual exercises, i.e., if the full participation exercise is held more than one year before issuance of the operating license, then the applicant must conduct an exercise of its emergency plan before license issuance. However, that latter exercise need not involve State or local governments.

The revision proposed in this rule would be consistent with the Federal Emergency Management Agency (FEMA) regulations, which only require full State and local government participation in an exercise every two years. See 44 C.F.R. 350.9.

The Commission is therefore proposing to revise Part 50, App. E, Sec. IV.F.1 so that a full participation exercise is required within two years of issuance of an operating license, rather than within one year.

#### Environmental Assessment and Finding of No Significant Environmental Impact

The Commission has determined under the National Environmental Policy Act of 1969, as amended, and the Commission's regulations in Subpart A of 10 CFR Part 51, that this rule is not a major Federal action significantly affecting the quality of the human environment and therefore an environmental impact statement is not required. See 10 CFR 51.20(a)(1). Moreover, the Commission has determined, pursuant to 10 CFR 51.32, that the proposed rule has no significant environmental impact. This determination has been made because the Commission cannot identify any impact on the human environment associated with changing the timing of full participation of State and local governments in pre-licensing emergency preparedness exercises from within one year of license issuance to within two years.

The need for this rulemaking is explained in the Supplementary Information accompanying this proposed rule. The alternative

approaches that were considered in this rulemaking proceeding were:

1. To retain the requirement for a full participation exercise within one year of issuance of an operating license.
2. To relax the requirement to within two years of issuance of an operating license.

There were no environmental impacts identified from either of the alternatives considered.

In addition, when promulgating the original emergency planning and preparedness regulations in 1980, the NRC prepared an "Environmental Assessment for Final Changes to 10 CFR Part 50 and Appendix E of 10 CFR Part 50, Emergency Planning Requirements for Nuclear Power Plants" (NUREG-0685, June 1980), and concluded that under the criteria of 10 CFR Part 51 an environmental impact statement was not required for the Commission's emergency planning and preparedness regulations, which included 10 CFR Part 50, App. E as hereby revised. NUREG-0685 may be examined in the Commission's Public Document Room, 1717 H Street NW., Washington, DC. Copies are available for purchase for \$3.75 through the Superintendent of Documents, USGPO, Box 37082, Washington, DC, 20013-7082.

This proposed rule has been coordinated with FEMA.

#### Additional View of Commissioner Asseltine

I disapprove this proposed rule change.

I continue to believe that the requirement to conduct a full participation exercise, which includes State and local government participation, within one year prior to issuance of an operating license is needed to provide an accurate and timely verification of the adequacy of emergency preparedness. The purpose of this requirement is to provide an up-to-date assessment of the state of emergency preparedness for a new plant at the time the plant receives an operating license. This requirement has been easily satisfied in most cases. In the few cases in which there has been some difficulty, the Commission's exemption process provides a suitable alternate method for addressing the situation. Given the satisfactory experience with the current rule and the benefit in having up-to-date and accurate information on the state of emergency preparedness at new nuclear power plants, I would not relax the existing one-year requirement for a full participation exercise.



**Paperwork Reduction Review**

The proposed rule contains no information collection requirements and therefore is not subject to the requirements of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.).

**Regulatory Analysis**

The Commission has prepared a regulatory analysis for this regulation. The analysis examines the costs and benefits of the proposed action and the alternatives considered by the Commission. A copy of the regulatory analysis is available for inspection and copying, for a fee, at the NRC Public Document Room, 1717 H Street NW, Washington, DC. Single copies of the analysis may be obtained from Michael T. Jamgochian, Regulatory Applications Branch, Office of Nuclear Regulatory Research, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Telephone (301) 443-7657.

**Backfit Analysis**

This proposed rule does not modify or add to systems, structures, components or design of a facility; the design approval or manufacturing license for a facility; or the procedures or organization required to design, construct or operate a facility. Accordingly, no backfit analysis pursuant to 10 CFR 50.109 is required for this proposed rule.

**Regulatory Flexibility Certification**

In accordance with the Regulatory Flexibility Act of 1980, 5 U.S.C. 605(b), the Commission certifies that this rule will not have a significant economic impact upon a substantial number of small entities. The proposed rule concerns the timing of a full participation exercise of emergency plans for applicants for nuclear power plant licenses. The electric utility companies owning and operating these nuclear power plants are dominant in their service areas and do not fall within the definition of a small business found in the Small Business Act, 15 U.S.C. 632, or within the Small Business Size standards set forth in 13 CFR Part 121. Although part of the burden for the conduct of emergency preparedness exercises falls on State and local governments, the proposed rule, by changing the frequency of the requirement, would if anything lessen the amount of the current burden. Thus, the proposed rule would not impose a significant economic impact on a substantial number of small entities, as defined in the Regulatory Flexibility Act of 1980.

**List of Subjects in 10 CFR Part 50**

Antitrust, Classified information, Fire prevention, Incorporation by reference, Intergovernmental relations, Nuclear power plants and reactors, Penalty, Radiation protection, Reactor siting criteria, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, and under the authority of the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and 5 U.S.C. 553, the NRC is proposing to adopt the following amendment to 10 CFR Part 50:

**PART 50—DOMESTIC LICENSING OF PRODUCTION AND UTILIZATION FACILITIES**

1. The authority citation for Part 50 continues to read as follows:

**Authority:** Secs. 103, 104, 161, 182, 183, 186, 189, 68 Stat. 936, 937, 948, 953, 954, 955, 956, as amended, sec. 234, 83 Stat. 1244, as amended (42 U.S.C. 2133, 2134, 2201, 2232, 2233, 2236, 2239, 2282); secs. 201, 202, 206, 88 Stat. 1242, 1244, 1246, as amended (42 U.S.C. 5841, 5842, 5846), unless otherwise noted.

Section 50.7 also issued under Pub. L. 95-601, sec. 10, 92 Stat. 2951 (42 U.S.C. 5851). Sections 50.58, 50.91 and 50.92 also issued under Pub. L. 97-415, 96 Stat. 2073 (42 U.S.C. 2239). Section 50.78 also issued under sec. 122, 68 Stat. 939 (42 U.S.C. 2152). Sections 50.80-50.81 also issued under sec. 184, 68 Stat. 954, as amended (42 U.S.C. 2234). Sections 50.100-50.102 also issued under sec. 186, 68 Stat. 955 (42 U.S.C. 2236).

For the purposes of sec. 223, 68 Stat. 958, as amended (42 U.S.C. 2273), 50.10 (a), (b), and (c), 50.44, 50.46, 50.48, 50.54 and 50.80(a) are issued under sec. 161b, 68 Stat. 948, as amended (42 U.S.C. 2201(b)); 50.10 (b) and (c) and 50.54 are issued under sec. 161i, 68 Stat. 949, as amended (42 U.S.C. 2201(i)); and 50.55(e), 50.59(b), 50.70, 50.71, 50.72, 50.73, and 50.78 are issued under sec. 161o, 68 Stat. 950, as amended (42 U.S.C. 2201(o)).

**PART 10—[AMENDED]****Appendix—[Amended]**

2. In App. E. Sec. IV.F.1 is revised to read as follows:

1. A full participation<sup>4</sup> exercise which tests as much of the licensee, State and local

<sup>4</sup> "Full participation" when used in conjunction with emergency preparedness exercise for a particular site means appropriate offsite local and State authorities and licensee personnel physically and actively take part in testing their integrated capability to adequately access and respond to an accident at a commercial nuclear power plant. "Full participation" includes testing the major observable portions of the onsite and offsite emergency plans and mobilization of State, local and licensee personnel and other resources in sufficient numbers to verify the capability to respond to the accident scenario.

emergency plans as is reasonably achievable without mandatory public participation shall be conducted for each site at which a power reactor is located for which the first operating license for that site is issued after July 13, 1982. This exercise shall be conducted within two years before the issuance of the first operating license for full power and prior to operation above 5% of rated power of the first reactor, and shall include participation by each State and local government within the plume exposure pathway EPZ and each state within the ingestion exposure pathway EPZ. If the full-scale exercise is conducted more than one year prior to issuance of the operating license, applicant must conduct another exercise of its plan within one year of issuance of an operating license. However, that latter exercise need not have State or local government participation.

\* \* \* \* \*  
Dated at Washington, DC, this 26th day of November, 1986.

For the Nuclear Regulatory Commission.

Samuel J. Chilk,

Secretary of the Commission.

[FR Doc. 86-27056 Filed 12-1-86; 8:45 am]

BILLING CODE 7590-01-M

**FEDERAL RESERVE SYSTEM****12 CFR Part 202**

[Reg B; EC-1]

**Equal Credit Opportunity; Proposed Update to Official Staff Commentary**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Proposed official staff interpretation.

**SUMMARY:** The Board is publishing for comment proposed revisions to the official staff commentary to Regulation B (Equal Credit Opportunity). The commentary applies and interprets the requirements of Regulation B and is a substitute for individual staff interpretations of the regulation. The proposed revisions address questions that have arisen about the regulation, and include new material and changes in existing material.

**DATE:** Comments must be received on or before January 30, 1987.

**ADDRESS:** Comments should be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551, or delivered to the 20th Street mail services courtyard entrance, 20th Street between C Street and Constitution Avenue, NW., Washington, DC, between 8:45 a.m. and 5:15 p.m. weekdays. Comments should include a reference to EC-1. Comments may be inspected in Room B-1122



between 8:45 a.m. and 5:15 p.m. weekdays.

**FOR FURTHER INFORMATION CONTACT:**

Adrienne Hurt or Heather Hansche, Staff Attorneys, Division of Consumer and Community Affairs, at (202) 452-3867 or 452-2414; for

Telecommunications Device for the Deaf (TDD) users contact Earnestine Hill or Dorothea Thompson at (202) 452-3544, Board of Governors of the Federal Reserve System, Washington, DC 20551.

**SUPPLEMENTARY INFORMATION:**

**(1) General**

The Equal Credit Opportunity Act (15 U.S.C. 1691 *et seq.*) makes it unlawful for creditors to discriminate in any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, age, receipt of public assistance, or the exercise of rights under the Consumer Credit Protection Act. This statute is implemented by the Board's Regulation B (12 CFR Part 202).

On November 20, 1985, an official staff commentary was published to interpret the regulations along with a final rule revising Regulation B (50 FR 48018). The revised regulation and the commentary became effective on December 16, 1985, but creditors had the option of continuing to comply with the previous regulation and prior interpretations until October 1, 1986, the mandatory effective date of the revised regulation and its commentary. The commentary is designed to provide general guidance to creditors in applying the regulation to specific transactions.

Periodic updates provide the vehicle for additional staff interpretations that may be necessary as new questions arise (although each unique situation cannot be individually addressed in the commentary). It is expected that this first proposed update will be adopted in final form in March 1987.

Certain conventions have been used to highlight the proposed revisions. New language is shown inside bold-faced arrows and underlined, while language that would be removed is set off with brackets.

**(2) Proposed Revisions**

Following is a brief description of the proposed revisions to the commentary:

*Section 202.3—Limited Exceptions for Certain Classes of Transactions*

*3(a) Public-Utilities Credit*

A new comment 3(a)-3 would be added to address the question whether long distance telephone companies that are not regulated by, or required to file certain information with, a government

agency qualify for the public utilities exceptions in section 202.3(a)(2).

*Section 202.9—Notifications*

9(a) Notification of Action Taken, ECOA Notice, and Statement of Specific Reasons.

*Paragraph 9(a)(1)*

New comment 9(a)(1)-3 would be added to explain that a creditor may deny an application missing information that the applicant needs to provide on the ground that the application is incomplete. Existing comments 9(a)(1)-3 through 9(a)(1)-6 would be redesignated as comments 9(a)(1)-4 through 9(a)(1)-7, respectively.

*Section 202.13—Information for Monitoring Purposes*

*13(a) Information To Be Requested*

A new comment 13(a)-5 would be added to explain what types of transactions are excluded from the data collection requirements of § 202.13. With this addition, existing comment 13(a)-5 would be redesignated as comment 13(a)-6.

**List of Subjects in 12 CFR 202**

Banks, banking; Civil rights, Consumer protection, Credit, Marital status discrimination, Minority groups, Penalties, Religious discrimination, Sex discrimination, Women.

**PART 202—[AMENDED]**

**(3) Text of Revisions**

The proposed revisions to the commentary (12 CFR Part 202, Supp. I) read as follows:

**Supplement I—Official Staff Commentary**

*Section 202.3—Limited Exceptions for Certain Classes of Transactions*

*3(a) Public-utilities credit*

►3. *Telephone companies.* If a telephone company is neither regulated by a government unit nor required to file the charges for service, delayed payment, or any discount for prompt payment with a government unit, the company's credit transactions do not qualify for the exceptions provided in section 202.3(a)(2). ◀

*Section 202.9—Notifications*

9(a) Notification of Action Taken, ECOA Notice, and Statement of Specific Reasons.

*Paragraph 9(a)(1).*

►3. *Incomplete application—denial for incompleteness.* When an application is

incomplete regarding matters that the applicant can complete and the creditor lacks sufficient data for a credit decision, the creditor may deny the application giving as the reason for denial that the application is incomplete. The creditor has the option, alternatively, of providing a notice of incompleteness under section 202.9(c). ◀

Current comments 9(a)(1)-3 through 9(a)(1)-6 would be redesignated comments 9(a)(1)-4 through 9(a)(1)-7, respectively.

*Section 202.13—Information for Monitoring Purposes*

*13(a) Information To Be Requested*

5. ► *Exclusions.* Home improvement loans, open-end home equity loans, and second mortgages (unless the second mortgage is to purchase a principal dwelling) are not subject to the information collection requirements of this section. ◀

Current comment 13(a)(1)-5 would be redesignated 13(a)(1)-6.

Board of Governors of the Federal Reserve System, November 24, 1986.

William W. Wiles,  
Secretary of the Board.

[FR Doc. 86-26962 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

**12 CFR Part 226**

[Reg. Z; TIL-1]

**Truth in Lending; Proposed Update to Official Staff Commentary**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Proposed official staff interpretation.

**SUMMARY:** The Board is publishing for comment proposed changes to the official staff commentary to Regulation Z (Truth in Lending). The commentary applies and interprets the requirements of Regulation Z and is a substitute for individual staff interpretations of the regulation. The proposed revisions address a variety of questions that have arisen about the regulation, and include new material and changes in existing material.

As a result of the potential for increased use of home-equity lines of credit and second mortgage loans due to the new limitations on the deductibility of non-business interest expenses under the revised federal tax laws, the Board has received a number of inquiries concerning real estate secured extensions of credit. These questions are addressed by several proposals, one of which would clarify the rules that apply when a creditor adds a security interest



in the consumer's principal dwelling to a transaction that was previously exempt from the regulation.

The proposal includes a variety of other provisions, including clarification of the prohibition against offsetting a consumer's credit card indebtedness with funds from a deposit account held with a credit card issuer, and clarification of the refinancing exception for transactions with lower annual percentage rates.

**DATE:** Comments must be received on or before January 30, 1987.

**ADDRESS:** Comments should be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC, 20551, or delivered to the 20th Street courtyard entrance, 20th Street, between C Street and Constitution Avenue, NW., Washington, DC between 8:45 a.m. and 5:15 p.m. weekdays. Comments should include a reference to TIL-1. Comments may be inspected in Room B-1122 between 8:45 a.m. and 5:15 p.m. weekdays.

**FOR FURTHER INFORMATION CONTACT:**

The following attorneys in the Division of Consumer and Community Affairs at (202) 452-3667 or (202) 452-3867:

Open-end—Kathleen Brueger, Heather Hansche, Susan Kraeger  
Closed-end—Sharon Bowman, Michael Bylsma, Leonard Chanin, Adrienne Hurt

or Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf at (202) 452-3544, Board of Governors of the Federal Reserve System, Washington, DC, 20551.

**SUPPLEMENTARY INFORMATION:**

**(1) General**

The Truth in Lending Act (15 U.S.C. 1601 *et seq.*) governs consumer credit transactions and is implemented by the Board's Regulation Z (12 CFR Part 226). Effective October 13, 1981, an official staff commentary (TIL-1, Supp. 1 to 12 CFR Part 226) was published to interpret the regulation. The commentary is designed to provide guidance to creditors in applying the regulation to specific transactions. The commentary is updated periodically to address significant questions that arise. There have been five general updates so far—the first in September 1982 (47 FR 41338), the second in April 1983 (48 FR 14882), the third in April 1984 (49 FR 13482), the fourth in April 1985 (50 FR 13181), and the fifth in April 1986 (51 FR 11422). There was also a limited update concerning fees for the use of automated teller machines, which was adopted in October 1984 (49 FR 40560). This notice contains the proposed sixth general

update. It is expected that it will be adopted in final form in March 1987 with optional compliance until the uniform effective date of October 1 for mandatory compliance.

**(2) Proposed Revisions**

Following is a brief description of the proposed revisions to the commentary:

**Subpart A—General**

**Section 226.2—Definitions and Rules of Construction.**

**2(a) Definitions.**

**2(a)(20) "Open-End Credit".**

Comment 2(a)(20)-4 would be amended to clarify that the open-end credit definition does not require that a finance charge be included or that the possibility of a finance charge exist for a plan to qualify as an open-end credit plan.

**Section 226.3—Exempt Transactions**

**3(b) Credit Over \$25,000 Not Secured by Real Property or a Dwelling**

Comment 3(b)-2 would be amended to clarify that an open-end credit plan which was exempt from coverage by the regulation under § 226.3(b) becomes subject to the regulation when a security interest is taken in real property or personal property used or expected to be used as the consumer's principal dwelling.

Comment 3(b)-3 would be amended by correcting the reference to the \$25,000 limitation and by adding a reference to the consumer's principal dwelling in the first sentence. The revisions clarify the rule that disclosures for previously exempt closed-end credit transactions are required only when the existing obligation is satisfied and replaced by a new obligation. A cross-reference to the commentary to § 226.23(a)(1), which discusses the right of rescission when a security interest in a consumer's principal dwelling is added to a previously exempt transaction, would also be added to the comment.

**Section 226.4—Finance Charge**

**4(c) Charges Excluded from the Finance Charge**

**Paragraph 4(c)(4)**

Comment 4(c)(4)-1 would be amended to further clarify the types of charges that may be treated as participation or membership fees. Specifically, the amended comment would make clear that a one-time charge imposed when an account is opened, such as a loan origination fee, may not be treated as a participation fee. In addition, language would be added to make clear that fees

based on the degree of account activity are not participation fees.

**Subpart B—Open-End Credit**

**Section 226.5—General Disclosure Requirements**

**5(b) Time of Disclosures**

**Paragraph 5(b)(1)**

Comment 5(b)(1)-1 would be revised to make clear that, in general, the initial disclosure must be provided to the consumer before the consumer pays any fees or charges under the plan, including real estate charges of the type excluded from the finance charge in § 226.4(c)(7). However, the comment would continue to allow imposition of an application fee or membership fee prior to giving the initial disclosure statement (provided it is refunded if the consumer rejects the plan).

**Section 226.6—Initial Disclosure Statement**

**6(b) Other Charges**

Comment 6(b)-1 would be amended by adding examples of the types of real estate charges included in § 226.4(c)(7), and deleting taxes and filing or notary fees excluded from the finance charge under § 226.4(e) as an example of an "other charge." Since fees excluded from the finance charge under § 226.4(e) must be itemized and disclosed it seems unnecessary to specifically require them to be treated as "other charges" in order to ensure that they are disclosed to the consumer.

**6(c) Security Interests**

Comments 6(c)-2 and 6(c)-4 would be revised to take into account the Board's Credit Practices Rule, Subpart B of Regulation AA, 12 CFR Part 227, and the credit practices rules of the Federal Trade Commission and the Federal Home Loan Bank Board, 16 CFR Part 444 and 12 CFR Part 535, respectively. These rules deem it an unfair or deceptive act or practice for creditors to take or enforce a nonpurchase money, nonpossessory security interest in household goods, as that term is defined by the rules. As a result, the references to "household appliances" and "household goods" have been deleted from comments 6(c)-2 and 6(c)-4, respectively, to avoid any confusion on the part of creditors. A new example—stocks and bonds—has been substituted for household goods in comment 6(c)-4.

**Section 226.7—Periodic Statement**

**7(f) Amount of Finance Charge**

A new comment 7(f)-8 would be added to clarify when finance charges



that are assessed at the time an account is opened must be disclosed on the periodic statement.

*7(h) Other Charges.*

Comment 7(h)-1 would be amended to make clear that creditors may, under certain circumstances, disclose, as a single amount, charges imposed in connection with real estate transactions that are excluded from the finance charge under § 226.4(c)(7).

*Section 226.12—Special Credit Card Provisions.*

*12(d) Offsets by Card Issuer Prohibited. Paragraph 12(d)(2).*

Comment 12(d)(2)-1 would be revised to clarify the security interest exception to the prohibition on a credit card issuer's offsetting a cardholder's indebtedness against funds of the cardholder that are on deposit with the card issuer. The comment would make clear that the exception does not include a security interest that is the functional equivalent of the right of offset. Therefore, security interests granted by language routinely included in credit card agreements are not within the exception. For the exception to apply, there must be some indication that the consumer is aware that a security interest is a condition for an account (or for more favorable terms on an account) and specifically intends to grant the security interest. The revised comment would give examples of what might serve to indicate that the condition discussed above is met.

The proposed changes are the result of inquiries about whether the regulation permits creditors to routinely take security interests in deposit accounts of cardholders by including "boilerplate" language in cardholder agreements. In December 1985, the Board proposed changes to comment 12(d)(2)-1 to clarify that routinely including such provisions in cardholder agreements violated the offsets prohibition (50 FR 50794). Final action on that proposed change was postponed, however, to allow for further review of the comments received and to more fully explore the concerns raised and the issues involved (51 FR 11422).

The current proposal—as well as the December 1985 proposal—seeks to clarify the security interest exception in § 226.12(d), which implements section 169 of the Truth in Lending Act. Section 169 prohibits a card issuer from offsetting a cardholder's indebtedness under the credit card plan against funds of the cardholder held on deposit with the card issuer. Since the statute provides only one exception to this prohibition—for plans in which the

cardholder authorizes the card issuer to make periodic deductions from a deposit account held with the card issuer—questions arose in the past as to whether a cardholder's deposit accounts could ever serve as security for credit card indebtedness.

Recognizing that there were instances where security interests were called for—for example, an applicant may be required to provide collateral to obtain or retain a credit card account—the Board provided in Regulation Z that consensual security interests in deposit accounts could be taken without violating the offset prohibition. There is some evidence, however, that this position has been interpreted as allowing card issuers to debit cardholders' accounts pursuant to language routinely included in all cardholder contracts that takes a security interest in deposit accounts. Such a practice is inconsistent with the statutory prohibition and its legislative history.

The legislative history of section 169 reveals that Congress was concerned about the effects of the right of offset on consumers. For example, an offset against a checking account could result in the depositor's checks being dishonored. In addition, the issuer's ability to offset might deprive the consumer of the ability to effectively assert a billing error under section 161 or a claim or defense under section 170 of the act. The legislative history also indicates that there was concern that the right of offset gave card issuers that were depository institutions an unfair advantage over other creditors that had to apply to a court before being permitted to attach funds.

A security interest in a cardholder's deposit accounts that is created by routinely including language in cardholder agreements appears to raise the same concerns that the Congress sought to address by prohibiting the right of offset. As a result, certain steps must be followed by creditors in taking security interests in deposit accounts to avoid rendering the offsets prohibition meaningless. The proposed changes would set forth certain limitations on the exception.

The current proposal addresses the concerns of some of the commenters on last year's proposal who believed more flexibility was needed. For example, the current proposal does not specify any one item, such as reference to a specific amount of deposit account funds, as being necessary to qualify for the exception. Rather, a specific amount is included as one of several factors that could evidence the consumer's

awareness of and intent to grant a security interest.

*Section 226.15—Right of Rescission.*

*15(c) Delay of Creditor's Performance.*

Comment 15(c)-1 would be amended to clarify that a creditor is not prohibited from disbursing funds during the rescission period when property subject to the right to rescind is added as security under an existing open-end credit plan.

Comment 15(c)-3 would be revised to clarify that the examples of actions a creditor may take during the rescission period are permissible actions provided they are not prohibited by state law or other requirements. This revision was prompted by the fact that some creditors mistakenly believed that the regulation authorized the accrual of finance charges during the rescission period, even when state law does not permit the practice. The revision makes it clear that the regulation neither authorizes nor prohibits the listed actions.

**Subpart C—Closed-End Credit**

*Section 226.18—Content of Disclosures.*

*18(g) Payment Schedule.*

*Paragraph 18(g)(2).*

Comment 18(g)(2)-1 would be revised to take into account transactions in which interest and principal payments occur at different intervals. The revision would clarify that a creditor may disclose the two series of payments separately and use an abbreviated payment schedule for the interest payments. The revision also makes clear that this option is available for transactions in which interest and principal payments are scheduled on the same as well as on different dates of the month.

*18(m) Security Interest.*

Comment 18(m)-2 concerning the manner of disclosing a nonpurchase money security interest would be revised to take into account the Board's Credit Practices Rule, Subpart B of Regulation AA, 12 CFR Part 227, and the credit practices rules of the Federal Trade Commission and the Federal Home Loan Bank Board, 16 CFR Part 444 and 12 CFR Part 535, respectively. These rules deem it an unfair or deceptive act or practice for creditors to take or enforce a nonpurchase money, nonpossessory security interest in household goods, as that term is defined by the rules. Therefore, household goods would be deleted from comment 18(m)-2 as an example of how to identify a



nonpurchase money security interest in the Truth in Lending disclosures.

*Section 226.20—Subsequent Disclosure Requirements.*

*20(a) Refinancings.*

*Paragraph 20(a)(2).*

The discussion in comment 20(a)(2)-1 on what qualifies as a corresponding change in the payment schedule would be deleted, as a result of the addition of comment 20(a)(2)-2.

Comment 20(a)(2)-2 would be added to clarify what is a corresponding change in the payment schedule that would not require additional disclosures. The addition makes clear, for example, that a reduction in the annual percentage rate accompanied by an increase in the term of the original obligation is an event requiring additional disclosures.

*Section 226.23—Right of Rescission.*

*23(a) Consumer's Right to Rescind.*

*Paragraph 23(a)(1).*

Comment 23(a)(1)-5 would be modified to clarify the circumstances in which the addition of a security interest to a preexisting obligation is rescindable. The revised comment would make clear that if a transaction was previously exempt from the regulation because it was credit over \$25,000 not secured by real property or a principal dwelling, and a security interest in a consumer's principal dwelling is later added to the transaction, the consumer has the right to rescind the addition of a security interest even if the existing obligation is not satisfied and replaced by a new obligation.

*23(c) Delay of Creditor's Performance.*

Comment 23(c)-3 would be revised to clarify that the examples of actions a creditor may take during the rescission period are permissible actions provided they are not prohibited by state law or other requirements. This revision was prompted by the fact that some creditors mistakenly believed that the regulation authorized the accrual of finance charges during the rescission period, even when state law does not permit such a practice. The revision makes it clear that the regulation neither authorizes nor prohibits the listed actions.

*Appendix D—Multiple-Advance Construction Loans.*

Comment app. D-5 would be added to explain the way in which "interest reserves" for multiple advance construction loans should be treated

when a creditor uses Appendix D to calculate the annual percentage rate and disclosures. The Board has received a number of questions pertaining to the treatment of interest reserves and particularly whether or not the sum should be treated as a prepaid finance charge. The proposal would not require creditors using Appendix D to treat an interest reserve as a prepaid finance charge. If, however, a creditor requires a consumer to establish an interest reserve and provides that interest that accrues on the loan will be automatically deducted from the interest reserve, the estimated interest must reflect the fact that interest will accrue on the interest payments as well as the other loan proceeds. The proposal explains how to account for that accrual.

**List of Subjects in 12 CFR Part 226**

Advertising, Banks, Banking, Consumer protection, Credit, Finance, Penalties, Truth in lending.

Certain conventions have been used to highlight the proposed revisions. New language is shown inside bold-faced arrows, while language that would be deleted is set off with brackets.

**PART 226—[AMENDED]**

Pursuant to authority granted in section 105 of the Truth in Lending Act (15 U.S.C. 1604 as amended), the Board proposes to amend the official staff commentary to Regulation Z (12 CFR Part 226 Supp. I) as follows:

(1) The authority citation for Part 226 continues to read as follows:

**Authority:** Sec. 105, Truth in Lending Act, as amended by sec. 605, Pub. L. 96-221, 94 Stat. 170 (15 U.S.C. 1604 *et seq.*).

(2) **Text of revisions.** The proposed revisions to the commentary (TIL-1, Supplement I to 12 CFR Part 226) read as follows:

**Supplement I—Official Staff Commentary—TIL-1**

**Subpart A—General**

*Section 226.2—Definitions and Rules of Construction.*

*2(a) Definitions.*

*2(a)(20) "Open-End Credit".*

4. **Finance charge on an outstanding balance.** The requirement that a finance charge may be computed and imposed from time to time on the outstanding balance means that there is no specific amount financed for the plan for which the finance charge, total of payments, and payment schedule can be calculated. ▶ A plan may

meet the definition of open-end credit even though it does not provide for finance charges. ◀ [A plan does not meet this criterion if there is no possibility that a finance charge will be imposed on the outstanding balance. Some plans, such as certain "china club" plans, feature free ride periods if the consumer pays all or a specified portion of the outstanding balance within a given time period. For example, the creditor might not impose finance charges in any month in which the consumer pays 1/10 of the balance. Thus, a plan could meet this finance charge criterion even though the consumer actually pays no finance charges during the existence of the plan because the consumer takes advantage of the option to pay the balance (either in its entirety or in installments) within the time necessary to avoid finance charges.]

*Section 226.3—Exempt Transactions.*

3(b) Credit over \$25,000 not secured by real property or a dwelling.

2. **Open-end credit.** An open-end credit plan is exempt under § 226.3(b) (unless secured by real property or personal property used or expected to be used as the consumer's principal dwelling) if either of the following conditions is met:

- The creditor makes a firm commitment to lend over \$25,000 with no requirement of additional credit information for any advances.
  - The initial extension of credit on the line exceeds \$25,000.
- ▶ If a security interest is taken at a later time in any real property, or personal property used or expected to be used as the consumer's principal dwelling, the plan would no longer be exempt. The creditor would be required to comply with all of the requirements of the regulation. If the security interest being added is in the consumer's principal dwelling, compliance would include giving the consumer the right to rescind the security interest. (See the commentary to § 226.15 concerning the right of rescission.) ◀

3. **Refinanced obligations.** A closed-end loan for over \$25,000 may later be rewritten for ▶ \$25,000 or ◀ less than [ \$25,000 ] or a security interest in real property ▶, or personal property used or expected to be used as the consumer's principal dwelling, ◀ may be added to an extension of credit for over \$25,000. Such a transaction is consumer credit requiring disclosures only if the existing obligation is satisfied and replaced by a new obligation made for consumer purposes undertaken by the same obligor. ▶ (See the commentary to section 226.23(a)(1) regarding the right of rescission when a security interest in a consumer's principal dwelling is added to a previously exempt transaction.) ◀

*Section 226.4—Finance Charge.*



*4(c) Charges excluded from the finance charge.*

*Paragraph 4(c)(4).*

1. *Participation fees.* The participation fees mentioned in section 226.4(c)(4) do not necessarily have to be formal membership fees, nor are they limited to credit card plans. The provision applies to any credit plan in which payment of a fee is a condition of access to the plan itself, but it does not apply to fees imposed separately on individual closed-end transactions. The fee may be charged on a monthly, annual, or other periodic basis [as well as annually; however,] >; a one-time, non-recurring fee imposed at the time an account is opened is not a fee that is charged on a periodic basis, and may not be treated as a participation fee. In addition, < minimum monthly charges >, charges for no-use of a credit card, and < [or] other charges based on [current] account activity are not excluded from the finance charge by § 226.4(c)(4). (See the commentary to § 226.4(b)(2).)

**Subpart B—Open-End Credit**

*Section 226.5—General disclosure requirements.*

*5(b) Time of disclosures.*

*Paragraph 5(b)(1).*

1. *Disclosure before the first transaction.* The rule that the initial disclosure statement must be furnished "before the first transaction" requires delivery of the initial disclosure statement before the consumer becomes obligated on the plan (for example, before the consumer makes the first purchase, receives the first advance, or pays [a fee] > any fees or charges < under the plan).

*Section 226.6—Initial disclosure statement.*

*6(b) Other charges.*

1. *General: examples of other charges.* Under section 226.6(b), significant charges related to the plan (that are not finance charges) must also be disclosed. For example:

- Charges imposed in connection with real estate transactions > such as title fees, appraisals, and credit reports < (See section 226.4(c)(7).)

- Taxes and filing or notary fees excluded from the finance charge under section 226.4(e).

*6(c) Security interests.*

2. *Identification of property.* Identification of the collateral by type is satisfied by stating, for example, "motor vehicle" < [or "household appliances."] The creditor may, at its option, provide a more specific identification (for example, a model and serial number.)

4. *Additional collateral.* If collateral is required when advances reach a certain amount, the creditor should disclose the information available at the time of the initial disclosures. For example, if the creditor knows that a security interest will be taken in [household goods] > stocks or bonds < if the consumer's balance exceeds \$1,000, the creditor should disclose accordingly.

*Section 226.7—Periodic statement.*

*7(f) Amount of finance charge.*

>8. *Start-up fees.* Points, loan fees, or similar charges relating to the opening of the account that are paid prior to the issuance of the first periodic statement need not be disclosed on the periodic statement. If, however, these charges are financed as part of the plan, including charges that are paid out of the first advance, the charges must be disclosed on the first periodic statement.

*7(h) Other charges.*

1. *Identification.* In identifying any "other charges" actually imposed during the billing cycle, the type is adequately described as "late charge" or "membership fee," for example. > Similarly, "closing costs" or "settlement costs" may be used to describe charges imposed in connection with real estate transactions that are excluded from the finance charge under § 226.4(c)(7), provided the same term (for example, "closing costs") was used in the initial disclosures when the costs included in the term were itemized and individually disclosed. < (See comment 6(b)-1 for examples of "other charges.")

*Section 226.12—Special credit card provisions.*

*12(d) Offsets by card issuer prohibited.*

*Paragraph 12(d)(2).*

1. *Security interest—limitations.* In order to qualify for the exception stated in § 226.12(d)(2), a security interest must be affirmatively agreed to by the consumer > and < must be disclosed in the issuer's initial disclosures under § 226.6 [ , and must be obtained and enforced only through procedures equally available to other creditors. ] >. The security interest must not be the functional equivalent of a right of offset; as a result, routinely including in agreements contract language that indicates that consumers are giving a security interest in any deposit accounts maintained with the issuer does not come within the security interest exception in § 226.12(d)(2). For a security interest to qualify for the exception under § 226.12(d)(2) the following conditions must be met:

(1) The consumer must be aware that granting a security interest is a condition for the credit card account and must specifically intend to grant a security interest in a deposit

account. Indicia of the consumer's awareness and intent could include, for example—

- Separate signature or initials on the agreement indicating that a security interest is being given.
- Placement of the security agreement on a separate page, or otherwise separating the security interest provisions from other contract and disclosure provisions.
- Reference to a specific amount of deposited funds or to a specific deposit account number.

(2) The security interest must be obtained and enforced only through procedures equally available to other creditors. If other creditors could not obtain a security interest in the consumer's deposit accounts in the same manner as the card issuer, the security interest is prohibited by § 226.12(d)(2).

An example of a permissible security interest in deposit account funds would be one in which < [For example,] the consumer [may offer] > offers < a savings account (as an alternative to other personal property, such as an automobile) as security [for credit card indebtedness] > in order to qualify for a credit card line.

Another example of a permissible security interest in deposit account funds would be one granted by the consumer in return for an incentive offered by the issuer (for example, lower rates on the credit card account).

*Section 226.15—Right of rescission.*

*15(c) Delay of creditor's performance.*

1. *General rule.* Until the rescission period has expired and the creditor is reasonably satisfied that the consumer has not rescinded, the creditor must not, either directly or through a third party:

- Disburse advances to the consumer.
- Begin performing services for the consumer.
- Deliver materials to the consumer.

> A creditor may, however, continue to allow transactions under an existing open-end credit plan during a rescission period that results solely from the addition of a security interest in the consumer's principal dwelling. (See comment 15(c)-3 for other permissible actions.) <

3. *Permissible actions.* Section 226.15(c) does not prevent the creditor from taking other steps during the delay, short of beginning actual performance. > Unless otherwise prohibited, such as by state law, the < [The] creditor may, for example:

- Prepare the cash advance check.
- Perfect the security interest.
- Accrue finance charges during the delay period.

**Subpart C—Closed-End Credit**

*Section 226.18—Content of disclosures.*

*18(g) Payment schedule.*



*Paragraph 18(g)(2).*

1. *Abbreviated disclosure.* The creditor may disclose an abbreviated payment schedule when the amount of each regularly scheduled payment (other than the first or last payment) includes an equal amount to be applied on principal and a finance charge computed by application of a rate to the decreasing unpaid balance. This option is also available when mortgage-guarantee insurance premiums, paid either monthly or annually, cause variations in the amount of the scheduled payments, reflecting the continual decrease or increase in the premium due. ▶ In addition, in transactions in which interest is paid at intervals different from those for principal payments, the two series of payments may be disclosed separately and the abbreviated payment schedule may be used for the interest payments. For example, in transactions where quarterly principal payments remain fixed, monthly payments of interest will vary quarterly because of application of a rate to the unpaid principal balance each quarter; in such cases, the creditor may treat the interest and principal payments as consecutive payments within two separate series of payments and use an abbreviated payment schedule to disclose the interest payments. This option may be used when interest and principal are scheduled to be paid on the same date of the month as well as on different dates of the month. ◀ The creditor using this alternative must disclose the dollar amount of the highest and lowest payments and make reference to the variation in payments.

*18(m) Security interest.*

2. *Nonpurchase money transactions.* In nonpurchase money transactions, the property subject to the security interest must be identified by item or type. This disclosure is satisfied by a general disclosure of the category of property subject to the security interest, such as ["household goods," "motor vehicles,"] or "securities." At the creditor's option, however, a more precise identification of the property or goods may be provided.

*Section 226.20—Subsequent disclosure requirements.**20(a) Refinancings.**Paragraph 20(a)(2).*

1. *Annual percentage rate reduction.* A reduction in the annual percentage rate with a corresponding change in the payment schedule is not a refinancing. [A corresponding change in the payment schedule could include, for example, a change in the maturity or a reduction in the payment amount or the number of payments.] If the annual percentage rate is subsequently increased (even though it remains below its original level) and the increase is effected in such a way that the old obligation is satisfied and replaced, new disclosures must then be made.

▶ 2. *Corresponding change.* A corresponding change in the payment schedule to implement a lower annual percentage rate would be a shortening of the maturity or a reduction in the payment amount or the number of payments of an obligation. The exception in § 226.20(a)(2) does not apply if the maturity is lengthened or if the payment amount or number of payments is increased beyond that remaining on the existing transaction. ◀

*Section 226.23—Right of rescission.**23(a) Consumer's right to rescind.**Paragraph 23(a)(1).*

5. *Addition of a security interest.* Under footnote 47, the addition of a security interest to a preexisting obligation is rescindable ▶ even if the existing obligation is not satisfied and replaced by a new obligation. ◀ The right of rescission applies only to the added security interest, however, and not to the original obligation. In those situations, only the § 226.23(b) notice need be delivered, not new material disclosures; the rescission period will begin to run from the delivery of the notice. ▶ If the transaction involved was previously exempt from the regulation because it was credit over \$25,000 not secured by real property or a consumer's principal dwelling, and a security interest in a consumer's principal dwelling is later added to the transaction, the right to rescind the addition of the security interest must be provided to the consumer even if the existing obligation is not satisfied and replaced by a new obligation. ◀

*23(c) Delay of creditor's performance.*

3. *Permissible actions.* Section 226.23(c) does not prevent the creditor from taking other steps during the delay, short of beginning actual performance. ▶ Unless otherwise prohibited, such as by state law, the [The] creditor may, for example:

- Prepare the loan check.
- Perfect the security interest.
- Prepare to discount or assign the contract to a third party.
- Accrue finance charges during the delay period.

*Appendix D—Multiple-Advance Construction Loans*

▶ 5. *Interest reserves.* In a multiple-advance construction loan, a creditor may establish an "interest reserve" to ensure that interest is paid as it accrues by designating a portion of the loan to be used for paying the interest that accrues on the loan. In such cases the interest reserve need not be treated as a prepaid finance charge. If, however, a creditor automatically deducts payments of interest from the preestablished sum (rather than allowing the consumer to make the payments as they become due), the estimated interest must reflect the fact that interest will

accrue on those interest payments as well as the other loan proceeds. For purposes of estimating the additional interest resulting from compounding a creditor shall assume that one-half of the interest initially computed is outstanding at the contract interest rate for the entire construction period. For example:

• Using the example shown under Part I.A. of Appendix D, the estimated interest would be \$1,117.68 (\$1093.75 plus an additional \$23.93 calculated by assuming half of \$1093.75 is outstanding at the contract interest rate for the entire construction period), and the estimated annual percentage rate would be 21.18%. ◀

Board of Governors of the Federal Reserve System, November 24, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26963 Filed 12-01-86; 8:45 am]

BILLING CODE 6210-01-M

**NATIONAL CREDIT UNION ADMINISTRATION****12 CFR Part 708****Mergers of Federally-Insured Credit Unions; Voluntary Termination or Conversion of Insured Status**

AGENCY: National Credit Union Administration.

ACTION: Proposed rule.

**SUMMARY:** The NCUA Board proposes a revised regulation relating to mergers of federally-insured credit unions and changes in insured status of federally-insured credit unions. This proposal incorporates amendments previously proposed, concerning treatment of the one percent National Credit Union Share Insurance Fund (NCUSIF) deposit in mergers and shortening of the time permitted between the approval of a merger by NCUA and its presentation for a membership vote by the merging credit union. In addition, this proposal adds new provisions regarding the voluntary termination or conversion of Federal insurance and contains forms to be used in obtaining membership approval of those actions. These proposed regulations have no effect on the day-to-day operation of credit unions. Rather, the proposal provides guidance concerning specific merger and share insurance transactions, in response to requests for clarification and interpretation.

**DATE:** Comments must be received on or before January 30, 1987.

**ADDRESS:** Send comments to Rosemary Brady, Secretary, National Credit Union Administration Board, 1776 G Street,



NW., Washington, DC 20456. Telephone: (202) 357-1100.

**FOR FURTHER INFORMATION CONTACT:** James J. Engel, Deputy General Counsel, at the above address, or telephone: (202) 357-1030.

**SUPPLEMENTARY INFORMATION:**

**Overview**

Currently, Part 708 of NCUA's Rules and Regulations addresses only mergers involving at least one federally-insured credit union. On January 30, 1986, the NCUA Board issued a proposal to amend Part 708. (51 FR 3793.) The revisions contained in that proposal (1) deleted reference to credit unions in the Panama Canal Zone and former Department of Defense credit unions; (2) added language regarding the one percent NCUSIF deposit; (3) clarified that charter amendments will usually pertain to the name of the credit union and its field of membership; (4) shortened the length of time between NCUA approval of a merger and the requisite membership vote from 120 days to 60 days; (5) established a 10-day time frame for notifying NCUA of the result of the membership vote; and (6) eliminated the requirement that financial statements, charters and insurance certificates be sent to NCUA upon completion of the merger.

After further review, staff considered additional provisions that would have required republication for public comment. During this same period of time, the Board was considering amendments to three insurance-related regulations, one of which—Part 741—contained a provision on notice of voluntary termination of insurance. It was determined at that time to delete that provision since the remaining portions of Part 741 dealt with requirements for obtaining and maintaining Federal insurance. Since mergers can also involve the termination or conversion of Federal insurance, the Board believes it is appropriate to include all three areas in one Part. Because this rule differs substantially from that previously proposed, it must again be published for public comment.

Substantively, the proposed rule is organized in three distinct subparts. Subpart A prescribes the merger procedures to be used where at least one federally-insured credit union is involved. It is derived from the current Part 708 and the amendments proposed in January. There are, however, a few new provisions. Section 708.1 contains definitions of the terms "federally-insured," "nonfederally-insured," "uninsured," "termination," and "conversion." Section 708.102(e)

contains the provision, taken from section 206(d)(1), regarding the 1 year continuation of limited Federal insurance after a credit union has terminated insurance.

Subpart B sets forth the procedures and notice requirements for termination of Federal insurance or conversion of Federal insurance to insurance provided by a guarantee corporation or insurance fund organized under state law. Subpart C sets forth the forms to be used for terminating or converting Federal insurance, with or without a merger. Both Subparts B and C are new, but their provisions are derived from section 206 of the Act.

In this new proposed rule, the provisions of each of the three subparts are not designed to be read seriatim. In the case of a merger between federally-insured credit unions, Subpart A alone applies. However, if the merger will result in the termination or conversion of Federal insurance, then certain portions of both Subparts B and C, as cross-referenced in Subpart A, come into play depending upon the particular facts of the situation. Subpart B is also cross-referenced to the forms in Subpart C. We believe this approach will make application of the rule easier for credit unions.

To assist the public in reviewing this proposal, we suggest Subpart A be reviewed as one complete rule for a merger between two federally-insured credit unions. Then, instead of reading straight through Subparts B and C as separate sections, they should be reviewed either in conjunction with Subpart A, if a merger is involved, following the cross-references, or, if there is no merger, following the cross-references between Subparts B and C.

It should be noted that the provisions regarding conversion from Federal to non-Federal insurance are not intended to carry any negative implications on the part of the Board regarding share insurance provided by private or mutual share insurers. The Board fully supports credit union members' freedom of choice regarding share insurers as permitted by applicable Federal and state laws. The proposed provisions reflect the requirements of section 206 of the Act and the logical extension of those requirements. Due to the fact that it is the members' interest that is affected by termination or conversion of Federal insurance, Congress provided for membership notice and participation in the decision to opt out of the Federal program.

The Board recognizes that section 206 does not specifically address termination or conversion of insurance

in connection with charter conversions by a Federal credit union or termination or conversion resulting from a merger. However, because the effect on the members is the same, the Board is of the opinion the same notice and voting requirements should apply.

In order to provide consistency, the Board has modeled the proposed rules on the specific procedural provisions of section 206(d)(2) of the Act, which address conversion of insurance. The proposed rule, as previously discussed, addresses procedures and notices for all actions that will result in the termination or conversion of Federal insurance. The Board believes this approach is a reasonable exercise of its regulatory authority and is in accord with the Act since section 206(a)—termination of insurance—though not as specific as section 206(d)(2), does require a membership vote, and would necessitate notice. Because termination of insurance will result in the elimination of insurance protection altogether, the opportunity for member participation should be at least equal to that provided in the case of a conversion where another form of insurance protection will still be available. Thus, under the proposal, both Federal credit unions and federally-insured state credit unions would be required to provide members with written notice of a proposed termination or conversion action, deliver the notice in person or by mail to the member's last known address not more than 30 days or less than 7 days prior to the date for voting on the proposal, and provide the opportunity for mail ballot. In addition, prompt and reasonable notice to members of final action is specifically required for both termination of insurance (section 206(c)) and conversion of Federal insurance (section 206(d)(2)). Minimum requirements of membership approval, however, will differ. Section 206(a) of the Act requires an affirmative vote of a majority of all the members in order to terminate insurance, while section 206(d)(2) requires an affirmative vote of a majority of the members who vote, where at least 20 percent of the total membership participates, in order to convert to non-federal insurance. These requirements have all been incorporated into the proposal.

**Regulatory Procedures**

*Regulatory Flexibility Act*

The NCUA Board hereby certifies that the proposed rule will not have a significant impact on a substantial number of small credit unions (primarily



those under \$1 million in assets). Further, this proposed rule does not affect the daily operations of credit unions. Accordingly, the Board has determined that a regulatory flexibility analysis is not required.

#### *Paperwork Reduction Act*

The proposed changes include several new notification requirements. There are six case situations that call for notices. Each situation has three separate notice requirements: Notice of proposed action; ballot for membership vote; and notice of final action. The six case situations are: (1) Termination of insurance; (2) merger and termination of insurance; (3) conversion of charter and termination of insurance; (4) conversion of insurance; (5) merger and conversion of insurance; and (6) conversion of charter and conversion of insurance. The particular facts of a given case will determine which situation applies to a credit union and the credit union will only have to utilize the appropriate three notices. These notice requirements are set forth in Subpart B, §§ 708.202 and 708.24. (The notice of voluntary termination or conversion of insured status received OMB approval when previously included in proposed amendments to Part 741. However, it was deleted when Part 741 was finalized as it was determined that the provisions would be added to this proposed Part 708. See 51 FR 37549 at 37556.)

The notice requirements for mergers were previously approved by OMB (Control number 3133-0024) and are currently under review for resubmission.

These notice requirements will be submitted to the Office of Management and Budget for review under the Paperwork Reduction Act. Written comments of these proposed rules should be forwarded directly to the OMB Desk Officer indicated below at the following address: OMB Reports Management Branch, New Executive Office Building, Room 3208, Washington, DC 20530, ATTN: Robert Neal.

#### List of Subjects in 12 CFR Part 708

Credit unions, Mergers of Federally-insured credit unions, Voluntary termination or conversion of insured status.

By the National Credit Union Administration Board on November 20, 1986.  
Rosemary Brady,  
Secretary of the Board.

Accordingly, NCUA proposes to amend its regulations as follows:

It is proposed that Part 708 be revised to read as follows:

### PART 708—MERGERS OF FEDERALLY-INSURED CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF INSURED STATUS

Sec.

708.0 Scope

708.1 Definitions

#### Subpart A—Mergers

708.101 Mergers generally.

708.102 Special provisions for Federal insurance.

708.103 Preparation of merger plan.

708.104 Submittal of merger proposal to NCUA.

708.105 Approval of merger proposal by NCUA.

708.106 Approval of merger proposal by members.

708.107 Certificate of vote on merger proposal.

708.108 Completion of merger.

#### Subpart B—Voluntary Termination or Conversion of Insured Status

708.201 Termination of insurance.

708.202 Notice to members of termination of insurance.

708.203 Conversion of insurance.

708.204 Notice to members of conversion of insurance.

#### Subpart C—Forms

708.301 Termination of insurance.

708.302 Conversion of insurance.

708.303 Modifications to notice.

Authority: 12 U.S.C. 1766, 12 U.S.C. 1786, 12 U.S.C. 1789.

#### § 708.0 Scope.

(a) Subpart A of this part prescribes the procedures for merging one or more credit unions with a continuing credit union where at least one of the credit unions is federally insured.

(b) Subpart B of this part prescribes the procedures and notice requirements for termination of Federal insurance or conversion of Federal insurance to nonfederal insurance, including termination or conversion resulting from a merger.

(c) Subpart C of this part sets forth the forms to be used for terminating Federal insurance or converting from Federal insurance to nonfederal insurance.

(d) Nothing in this part shall operate as a restriction or otherwise impair the authority of NCUA to approve a merger pursuant to section 205(h) of the Act.

(e) This part does not address procedures or requirements that may be applicable under state law for a state-chartered credit union.

#### § 708.1 Definitions.

(a) "Continuing credit union" means the credit union which will continue in operation after the merger.

(b) "Merging credit union" means the credit union which will cease to exist as an operating credit union at the time of the merger.

(c) "State credit union" means any credit union organized and operated according to the laws of any state, the several territories and possessions of the United States, or the Commonwealth of Puerto Rico. Accordingly, "state authority" means the appropriate state or territorial regulatory or supervisory authority for any such credit union.

(d) "Federally-insured" means insured by the Board through the National Credit Union Share Insurance Fund (NCUSIF).

(e) "Nonfederally-insured" means insured by an insurance fund or guarantee corporation organized or chartered under state law.

(f) "Uninsured" means there is no share or deposit insurance available on the credit union accounts.

(g) The terms "terminate," "termination" and "terminating" when used in reference to insurance refers to the act of canceling Federal insurance and means that the credit union will become uninsured.

(h) The terms "convert," "conversion" and "converting" when used in reference to insurance refers to the act of canceling Federal insurance and simultaneously obtaining share or deposit insurance from another insurance carrier. It means that after cancellation of Federal insurance the credit union will be nonfederally insured.

#### Subpart A—Mergers

##### § 708.101 Mergers generally.

(a) In any case where a merger will result in the termination of Federal insurance or conversion to nonfederal insurance, the merging credit union must comply with the provisions of Subpart B in addition to this Subpart A.

(b) No federally-insured credit union shall merge with any other credit union without the prior written approval of the Board.

(c) Where the continuing credit union is a Federal credit union, there must be compliance with the chartering policies of the Board.

(d) Where the continuing or merging credit union is a state credit union, the merger must be permitted by state law or authorized by the state authority.

##### § 708.102 Special provisions for Federal insurance.

(a) Where the continuing credit union is federally-insured, an NCUSIF deposit and a prorated insurance premium



(unless waived in whole or in part for all insured credit unions during that year) will be assessed on the additional share accounts insured as a result of the merger of a nonfederally-insured or uninsured credit union with a federally-insured credit union.

(b) Where the continuing credit union is nonfederally insured or uninsured but desires to be federally insured as of the date of the merger, an application shall be submitted to NCUA when the merging credit union requests approval of the merger proposal. An NCUSIF deposit and a prorated insurance premium (unless waived in whole or in part for all insured credit unions during that year) will be assessed on any additional share accounts insured as a result of the merger.

(c) Where the continuing credit union is nonfederally insured or uninsured and does not make application for insurance, but the merging credit union is federally insured, the continuing credit union is entitled to a refund of the merging credit union's NCUSIF deposit and to a refund of the unused portion of the NCUSIF share insurance premium (if any). If the continuing credit union is uninsured, the refund will be made only after expiration of the one-year period of continued insurance coverage noted in paragraph (e) of this section.

(d) Where the continuing credit union is nonfederally insured, NCUSIF insurance of the member accounts of a merging federally-insured credit union ceases as of the effective date of the merger. (Refer to Subpart B, §§ 708.203 and 708.204 and Subpart C, § 708.302(b).)

(e) Where the continuing credit union is uninsured, NCUSIF insurance of the member accounts of the merging federally-insured credit union will continue for a period of one year subject to the restrictions in section 206(d)(1) of the Act as noted in the Notice of Termination set forth in § 708.301(b)(3). (Refer to Subpart B, §§ 708.201 and 708.202, and Subpart C, § 708.301(b).)

#### § 708.103 Preparation of merger plan.

(a) Upon the approval of a proposition for merger by the boards of directors of the credit unions, a plan for the proposed merger shall be prepared. The plan shall include:

- (1) Current financial reports;
- (2) Current delinquent loan schedules annotated to reflect collection problems;
- (3) Combined financial report;
- (4) Analyses of share values;
- (5) Explanation of any proposed share adjustments;

(6) Explanation of any provisions for reserves, undivided earnings or dividends;

(7) Provisions with respect to notification and payment of creditors;

(8) Explanation of any changes relative to insurance such as life savings and loan protection insurance and insurance of member accounts;

(9) Provisions for determining that all assets and liabilities of the continuing credit union will conform with the requirements of the Act (where the continuing credit union is a Federal credit union); and

(10) Proposed charter amendments (where the continuing credit union is a Federal credit union). These amendments, if any, will usually pertain to the name of the credit union and the definition of its field of membership.

#### § 708.104 Submittal of merger proposal to NCUA.

(a) Upon approval of the merger plan by the boards of directors of the credit unions, the following information will be submitted to NCUA:

(1) The merger plan, as described in this Part;

(2) Resolutions of the boards of directors;

(3) Proposed Merger Agreement;

(4) Proposed Notice of Special Meeting of the Members (for merging Federal credit unions);

(5) Copy of the form of Ballot to be sent to the members (for merging Federal credit unions);

(6) Evidence that the state's supervisory authority is in agreement with the merger proposal (for states which require such agreement prior to NCUA approval); and

(7) Application and Agreements for Insurance of Member Accounts (for continuing state credit unions desiring to become federally insured).

#### § 708.105 Approval of merger proposal by NCUA.

(a) In any case where the continuing credit union is federally insured, and the merging credit union is nonfederally insured or uninsured, a determination shall be made by NCUA as to the potential risk to the National Credit Union Share Insurance Fund (NCUSIF).

(b) If NCUA finds that the merger proposal complies with the provisions of this Part and does not present an undue risk to the NCUSIF, it may approve the proposal subject to such other specific requirements as may be prescribed to fulfill the intended purposes of the proposed merger. In the event NCUA determines that the merging credit union, if it is a Federal credit union, is in danger of insolvency, and that the proposed merger would reduce the risk or avoid a threatened loss to the National Credit Union Share Insurance

Fund, NCUA may permit the merger to become effective without an affirmative vote of the membership of the merging Federal credit union, notwithstanding the provisions of § 708.106; *Provided* that the continuing credit union is federally insured.

(c) Any proposed charter amendments for a continuing Federal credit union will be approved contingent upon the completion of the merger.

#### § 708.106 Approval of the merger proposal by members.

(a) When the merging credit union is a Federal credit union, the members shall:

(1) Have the right to vote on the merger proposal in person at the annual meeting, if within 60 days after NCUA approval, or at a special meeting to be called within 60 days of such approval, or by mail ballot, received no later than the date and time announced for the annual meeting or the special meeting called for that purpose.

(2) Be given advance notice of the meeting at which the merger proposal is to be submitted, in accordance with the provisions of Article V, Meetings of Members, Federal Credit Union Bylaws. The notice shall:

(i) Specify the purpose of the meeting and the time and place;

(ii) Include a summary of the merger plan, which shall contain, but not necessarily be limited to, current financial reports for each credit union, a combined financial report for the continuing credit union, analyses of share values, explanation of any changes relative to insurance such as life savings and loan protection insurance and insurance of member accounts (refer to Subpart B, §§ 708.202 and 708.204);

(iii) State reasons for the proposed merger;

(iv) Provide name and location (to include branches) of the continuing credit union;

(v) Inform the members that they have the right to vote on the merger proposal in person at the meeting or by written ballot to be received no later than the date and time announced for the annual meeting or the special meeting called for that purpose; and

(vi) Be accompanied by a Ballot for Merger Proposal.

(b) The proposal to merge a Federal credit union, into a federally-insured credit union must be approved by an affirmative vote of a majority of the members of the merging credit union who vote on the proposal. If the continuing credit union is uninsured, the voting requirements of § 708.201(c) apply; if it is nonfederally-insured, the



voting requirements of § 708.203(c) apply.

**§ 708.107 Certificate of vote on merger proposal.**

The board of directors of the merging Federal credit union shall certify the results of the membership vote to NCUA within 10 days after the vote is taken.

**§ 708.108 Completion of merger.**

(a) Upon approval of the merger proposal by NCUA and by the state supervisory authority (where the continuing or merging credit union is a state credit union) and by the members of each credit union where required, action may be taken to complete the merger.

(b) Upon completion of the merger, the board of directors of the continuing credit union shall certify the completion of the merger to NCUA within 30 days after the effective date of the merger.

(c) Upon NCUA's receipt of certification that the merger has been completed, then the charter of the merging Federal credit union (if applicable), and the insurance certificate of any merging federally-insured credit union will be canceled.

**Subpart B—Voluntary Termination or Conversion of Insured Status**

**§ 708.201 Termination of insurance.**

(a) A state credit union may terminate Federal insurance, if permitted by state law, either on its own or by merging into an uninsured credit union.

(b) A Federal credit union may terminate Federal insurance only by merging into, or converting its charter to, an uninsured state credit union.

(c) Termination of insurance must be approved by the affirmative vote of a majority of the credit union's members. The credit union must notify the Board in writing at least 90 days prior to termination and the membership vote must have been obtained within 1 year prior to giving the Board notice.

**§ 708.202 Notice to members of termination of insurance.**

(a) When a federally-insured credit union proposes to terminate Federal insurance, including termination due to a merger or conversion of charter, it shall provide its members with written notice of the proposal to terminate and of the date set for the membership vote. The Notice of the Proposal shall be as set forth in either § 708.301 (a)(1) or (b)(1), or as provided in § 708.301(c), as the circumstances warrant.

(b) The notice shall be delivered in person to each member, or mailed to each member at the address for such member as it appears on the records of

the credit union, not more than 30 nor less than 7 days prior to the date of the vote. The membership shall be given the opportunity to vote by mail ballot. The ballot to be used shall be as set forth in either § 708.301 (a)(2) or (b)(2) as the circumstances warrant. The notice of the proposal and the ballot may be provided to members at the same time.

(c) If the proposition for termination of insurance is approved, prompt and reasonable notice of termination shall be given to all members in the form set forth in either § 708.301 (a)(3) or (b)(3) as the circumstances warrant.

**§ 708.203 Conversion of insurance.**

(a) A federally-insured state credit union may convert to nonfederal insurance, if permitted by state law, either on its own or by merging into a nonfederally-insured credit union.

(b) A Federal credit union may convert to nonfederal insurance only by merging into, or converting its charter to, a nonfederally-insured state credit union.

(c) Conversion of Federal to nonfederal insurance must be approved by an affirmative vote of a majority of the credit union's members who vote on the proposition, provided at least 20 percent of the total membership participates in the voting. The credit union must notify the Board in writing at least 90 days prior to conversion.

**§ 708.204 Notice to members of conversion of insurance.**

(a) When a federally-insured credit union proposes to convert to nonfederal insurance, including conversion due to a merger or conversion of charter, it shall provide its members with written notice of the proposal to convert and of the date set for the membership vote. Notice of the proposal shall be as set forth in either § 708.302 (a)(1) or (b)(1), or as provided in § 708.302(c), as the circumstances warrant.

(b) The notice shall be delivered in person to each member, or mailed to each member at the address for such member as it appears on the records of the credit union, not more than 30 nor less than 7 days prior to the date for the vote. The membership shall be given the opportunity to vote by mail ballot. The ballot to be used for the membership vote shall be as set forth in either § 708.302 (a)(2) or (b)(2) as the circumstances warrant. The notice of the proposal and the ballot may be provided to the members at the same time.

(c) If the proposition for conversion of insurance is approved, prompt and reasonable notice shall be given to all members in the form set forth in either

§ 708.302 (a)(3) or (b)(3) as the circumstances warrant.

**Subpart C—Forms**

**§ 708.301 Termination of insurance.**

(a) A federally-insured state credit union shall use the following language for purposes of terminating Federal insurance:

**(1) Notice of Proposal to Terminate Federal Insurance.**

(Date) \_\_\_\_\_

The Board of Directors of \_\_\_\_\_ Credit Union has approved a proposition to terminate Federal share (deposit) insurance, (\$100,000, provided by the National Credit Union Administration (NCUA), an agency of the Federal Government). Termination of Federal insurance may only take place upon approval by a majority of our members.

If approved, any deposits made by you after the date of termination, either new deposits or additions to existing accounts, will not be insured by the NCUA.

Accounts in the Credit Union on the day of termination, up to a maximum of \$100,000 for each member, will continue to be insured, as provided in the Federal Credit Union Act, for one (1) year after the close of business on the day of termination, but any withdrawals after the close of business on that date will reduce the insurance coverage by the amount of the withdrawal.

(2) The ballot for obtaining membership approval to terminate Federal insurance shall contain the following language:

I understand that if termination of Federal insurance is approved, any new deposits or additions to existing accounts made by me will not be insured by the National Credit Union Administration, an agency of the Federal Government. I also understand that my accounts in the Credit Union on the date of termination of insurance, up to a maximum of \$100,000, will continue to be insured for one (1) year after the date of termination, but that any withdrawals after the date of termination will reduce the insurance coverage by the amount of the withdrawal.

Signed \_\_\_\_\_

Member's Name

**(3) Notice of Termination.**

(Date) \_\_\_\_\_

1. The status of the \_\_\_\_\_ as an insured credit union under the provisions of the Federal Credit Unions Act, will terminate as of the close of business on the \_\_\_\_\_ day of \_\_\_\_\_.

2. Any deposits made by you after that date, either new deposits or additions to existing accounts, will not be insured by the National Credit Union Administration.

3. Accounts in the Credit Union on the \_\_\_\_\_ day of \_\_\_\_\_, up to a maximum of \$100,000 for each member, will continue to be insured, as provided by the Federal Credit Union Act, for one (1) year after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_. Provided, however, that any withdrawals



after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, will reduce the insurance coverage by the amount of such withdrawals.

(Name of Credit Union)  
(Address)

(b) A federally-insured credit union that is merging with an uninsured credit union shall use the following language for purposes of terminating Federal insurance:

(1) Notice of Proposal to Merge and Terminate Federal Insurance.

The Board of Directors of (merging) Credit Union has approved a proposition to merge the Credit Union into the (continuing) Credit Union. The merger must be approved by a majority of the members of (merging) Credit Union. If the membership approves the merger, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, (NCUA), an agency of the Federal Government) will be affected as follows:

Any deposits made by you after the effective date of the merger, either new deposits or additions to existing accounts, will not be insured by the NCUA. Accounts in the (merging) Credit Union on the date of the merger, up to a maximum of \$100,000 for each member, will continue to be insured, as provided in the Federal Credit Union Act, for one (1) year after the close of business on the date of the merger, but any withdrawals after the close of business on that date will reduce the insurance coverage by the amount of the withdrawal.

(2) The language for the ballot set forth in paragraph (a)(2) of this section, modified by substituting "the merger and termination" in lieu of "termination" each time it appears on the ballot, shall be used for obtaining membership approval to merge and terminate Federal insurance.

(3) Notice of Merger and Termination of Federal Insurance.

1. The merger of the (merging) Credit Union into the (continuing) Credit Union has been approved, effective (date).

2. The status of the (merging) Credit Union as an insured credit union under the provisions of the Federal Credit Union Act will terminate as of the close of business on the \_\_\_\_\_ day of (day preceding merger date).

3. Any deposits made by you after that date, either new deposits or additions to existing accounts, will not be insured by the National Credit Union Administration.

4. Accounts in the Credit Union on the \_\_\_\_\_ day of \_\_\_\_\_, (day preceding merger date), up to a maximum of \$100,000 for each member, will continue to be insured, as provided by the Federal Credit Union Act, for one (1) year after close of business on the day of \_\_\_\_\_, (day preceding merger date); Provided, however, that any withdrawals after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_ (day preceding merger date), will reduce the insurance coverage by the amount of such withdrawals.

(Name of Credit Union)  
(Address)

(c) A Federal credit union that is converting its charter to that of an uninsured state credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and terminating Federal insurance.

§ 708.302 Conversion of insurance.

(a) A federally-insured state credit union shall use the following language for purposes of converting from Federal insurance to nonfederal insurance:

1. Notice of proposal to convert to nonfederally-insured status.

The Board of Directors of \_\_\_\_\_ Credit Union has approved a proposition to convert from Federal share (deposit) insurance to nonfederal insurance. The conversion must be approved by a majority of the members who vote on the proposal and at least 20% of the entire membership must participate in the vote. If the membership approves the conversion, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the conversion. Shares (deposit) in the \_\_\_\_\_ Credit Union will be insured up to \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

2. The ballot to obtain membership approval of the conversion shall contain the following language:

I understand that, if the conversion of insurance is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the merger and my shares will be insured up to \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

(3) Notice of Conversion.

(Date) \_\_\_\_\_

1. The status of the \_\_\_\_\_ as an insured credit union under the provisions of the Federal Credit Union Act, will cease as of the close of business on the \_\_\_\_\_ day of \_\_\_\_\_.

2. As of that date, your deposits are no longer insured by the National Credit Union Share Insurance Fund.

3. Accounts in the credit union will be insured up to \$\_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

(Name of Credit Union)  
(Address)

(b) A federally-insured credit union that is merging with a nonfederally-insured credit union shall use the following language for purposes of

converting from Federal to nonfederal insurance:

1. Notice of Proposal to Merge and Convert to Nonfederally-Insured Status.

The Board of Directors of (merging) Credit Union has approved a proposition to merge the Credit Union into the (continuing) Credit Union. The merger must be approved by a majority of the members of (merging) Credit Union who vote on the proposal and at least 20% of the entire membership must participate in the vote. If the membership approves the merger, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the merger. Shares (deposits) in the (continuing) Credit Union will be insured up to \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

2. The ballot to obtain membership approval shall contain the following language:

I understand that if the merger of the (merging) Credit Union into the (continuing) Credit Union is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the merger and my shares in the (continuing) Credit Union will be insured up to \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

(3) Notice of Merger and Conversion of Insured Status.

(Date) \_\_\_\_\_

1. The merger of the (merging) Credit Union into the (continuing) Credit Union has been approved, effective (date).

2. As of that date, your shares (deposits) are no longer insured by the National Credit Union Administration.

3. Accounts in the (continuing) Credit Union will be insured up to \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.

(Name of Credit Union)  
(Address)

(c) A Federal credit union that is converting its charter to that of a nonfederally-insured credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and converting from Federal insurance.

§ 708.303 Modifications to notice.

(a) Any modifications or additions to the language in the notices or ballot concerning insurance coverage are subject to the approval of the Regional Director.



(b) Federally-insured state credit unions may include additional language in the notice and ballot regarding state requirements for mergers, where appropriate.

[FR Doc. 86-27018 Filed 12-01-86; 8:45 am]  
BILLING CODE 7535-01-M

#### 12 CFR Part 744

#### Payout Priorities for Involuntary Liquidation of Federally-Insured Credit Unions

**AGENCY:** National Credit Union Administration.

**ACTION:** Proposed rule; withdrawal.

**SUMMARY:** The National Credit Union Administration is withdrawing its proposed rule to change the manner in which it makes payouts as the liquidating agent of federally-insured credit unions. The Board has determined that the proposed change is no longer necessary. Therefore, there will be no change in the payout priority schedule used to distribute a liquidating credit union's assets.

**EFFECTIVE DATE:** November 26, 1986.

**FOR FURTHER INFORMATION CONTACT:** James J. Engel, Deputy General Counsel, 1776 G Street, NW., Washington, DC 20456. Telephone (202) 357-1030.

#### SUPPLEMENTARY INFORMATION:

##### Background

On November 21, 1983, (48 FR 52588) the Board issued a proposed rule, adding a new Part 744 to 12 CFR, that would change the payout priority schedule followed by the Board, when acting as liquidating agent, in distributing the assets of a federally-insured credit union to creditors and other parties having claims against the liquidating credit union. The Board had previously issued the payout priority change as Interpretive Ruling and Policy Statement (IRPS) 82-2 (47 FR 18122, April 28, 1982), which was vacated October 25, 1983, by court order for failure to comply with the notice and comment requirements of the Administrative Procedure Act (APA) (5 U.S.C. 553). The Board, therefore, issued the proposed rule in compliance with the APA. The final comment period expired on July 20, 1984.

The most significant change in the proposal was to place credit union members/shareholders (and thus the National Credit Union Share Insurance Fund, to the extent it makes share payouts and assumes the members' claims) on equal footing with unsecured creditors. Under current payout priorities, shareholders' claims are subordinate to unsecured creditors.

Thirty-four comments were submitted on the proposal: 10 commenters supported the change; 22 commenters were opposed. Those opposed argued, among other things, that the proposal would increase borrowing costs for credit unions. Two commenters stated no position but raised tangential issues.

The Board took no final action on the proposed rule. Instead, efforts were directed at strengthening the National Credit Union Share Insurance Fund (NCUSIF) through increased supervisory and administrative efforts and through legislation providing for credit union capitalization of the NCUSIF, which was enacted July 18, 1984 (Pub. L. 98-369). The Board has now determined that, due to Agency programs and activities and the capitalization of the NCUSIF, the proposed change to the payout priority schedule is unnecessary and should be withdrawn. The schedule for Federal credit union involuntary liquidation payout priorities is set forth in NCUA's Involuntary Liquidation Manual for Federal Credit Unions. That manual is being revised and will be published in the near future. The schedule is as follows:

- a. Secured creditors to the value of their collateral (in actuality, secured creditors are satisfied up to that extent before priority comes into play);
- b. Costs and expenses of liquidation;
- c. Wages due employees of the FCU;
- d. Costs and expenses incurred by creditors in successfully opposing release of the FCU from certain debts;
- e. Taxes legally due and owing to the United States or any state or subdivision thereof;
- f. Debts due and owing to the United States, including NCUA;
- g. General creditors and secured creditors to the extent that their claims exceed their security interest;
- h. Members to the extent of uninsured shares and the National Credit Union Share Insurance Fund ("NCUSIF").

In the case of federally-insured state-chartered credit unions, priorities will continue to be determined in accordance with the applicable provisions of state law.

Accordingly, the proposal to add a new Part 744 to 12 CFR is withdrawn.

By the National Credit Union Administration Board on November 20, 1986.

Rosemary Brady,  
Secretary of the Board.

[FR Doc. 86-27019 Filed 12-1-86; 8:45 am]  
BILLING CODE 7535-01-M

#### DEPARTMENT OF TRANSPORTATION

#### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 86-ANE-13]

#### Airworthiness Directives; CFM International CFM56-3/-3B Turbofan Engines

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** This notice proposes to amend an existing airworthiness directive (AD) to require installation of a riveted oil distributor which removes the requirement for inspection of the oil distributor and spirolock. The proposed amendment would amend AD 86-08-05 R1, Amendment 39-5339 (51 FR 24811), which requires inspection of the transfer gearbox for radial driveshaft oil distributor looseness and condition of the spirolock. The proposed amendment is needed to provide a permanent fix for oil distributor looseness and eliminate the need for repetitive inspections of the oil distributor and spirolock, reducing the risk of radial driveshaft disengagement which could result in an engine shutdown.

**DATES:** Comments must be received on or before February 12, 1987.

**ADDRESSES:** Comments on the proposal may be mailed in duplicate to: Federal Aviation Administration, New England Region, Office of the Regional Counsel, Attn: Rules Docket Number 86-ANE-13, 12 New England Executive Park, Burlington, Massachusetts 01803.

or delivered in duplicate to Room 311 at the above address.

Comments delivered must be marked: "Docket Number 86-ANE-13".

Comments may be inspected at the New England Region, Office of the Regional Counsel, Room 311, between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The applicable service bulletin (SB) may be obtained from CFM International, 1 Neumann Way, Cincinnati, Ohio 45215.

A copy of the SB is contained in Rules Docket Number 86-ANE-13, in the Office of the Regional Counsel, Federal Aviation Administration, New England Region, 12 New England Executive Park, Burlington, Massachusetts 01803.

**FOR FURTHER INFORMATION CONTACT:** Gordon Vertescher, Engine Certification Branch, ANE-142, Engine Certification



Office, Aircraft Certification Division  
Federal Aviation Administration, New  
England Region, 12 New England  
Executive Park, Burlington,  
Massachusetts 01803, telephone (617)  
273-7087.

#### SUPPLEMENTARY INFORMATION:

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the regulatory docket number and be submitted in duplicate to the address specified above. All communications received on or before the closing date for comments will be considered by the Director before taking action on the proposed rule. The proposal contained in this notice may be changed in the light of comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket, at the address given above, for examination by interested persons. A report summarizing each FAA-public contact, concerned with the substance of the proposed AD, will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 86-ANE-13". The postcard will be date/time stamped and returned to the commenter.

This notice proposes to amend AD 86-08-05 R1, Amendment 39-5339 (51 FR 24811), by adding a requirement to install a riveted oil distributor. Since this condition is likely to exist or develop on other CFM56-3/-3B turbofan engines of the same type design, the proposed AD would amend AD 86-08-05 R1, Amendment 39-5339 (51 FR 24811), by requiring installation of a riveted oil distributor which removes the repetitive inspections of the oil distributor and spirolock.

#### Conclusion

The FAA has determined that this proposed regulation involves 352 engines, and the approximate cost would be \$216,000. It has also been determined that few, if any, small entities within the meaning of the Regulatory Flexibility Act will be affected since the rule affects only operators using B737-300 aircraft in which these CFM56 engines are

installed, none of which are believed to be small entities. Therefore, I certify that this action (1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) if promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft evaluation prepared for this action is contained in the regulatory docket. A copy of it may be obtained by contacting the person identified under the caption "FOR FURTHER INFORMATION CONTACT".

#### List of Subjects in 14 CFR Part 39

Engines, Air transportation, Aircraft, Aviation safety, Incorporation by reference.

#### The Proposed Amendment

#### PART 39—[AMENDED]

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration (FAA) proposes to amend Part 39 of the Federal Aviation Regulations (FAR) as follows:

1. The authority citation for Part 39 continues to read as follows:

Authority: 49 U.S.C. 1354(a), 1421, and 1423; 49 U.S.C. 106(g) [Revised Pub. L. 97-449, January 12, 1983]; and 14 CFR 11.85.

#### § 39.13 [AMENDED]

2. By amending § 39.13, Amendment 39-5339 (51 FR 24811), Airworthiness Directive (AD) 86-08-05 R1, as follows:

(a) By revising the compliance statement to read as follows: "Compliance is required within the next 80 hours time in service (TIS) after July 7, 1986, for inspection prescribed by paragraph (a), (b), and (c) below and by September 30, 1987, for incorporation of oil distributor Part Number 335-305-804-0 prescribed by paragraph (d) below."

(b) By adding the following new paragraph: "(d) Remove oil distributor P/N 335-305-800-0 and replace with oil distributor P/N 335-305-804-0 or rework oil distributor P/N 335-305-800-0 in accordance with CFMI CFM56-3/-3B SB 72-253, dated June 27, 1986, or FAA approved equivalent. Incorporation of oil distributor P/N 335-305-804-0 eliminates the requirements for inspections as defined above."

The FAA will request the permission of the Federal Register to incorporate by reference the manufacturer's service bulletin identified and described in this document.

Issued in Burlington, Massachusetts, on November 21, 1986.

William H. Williams, Jr.,

Acting Director, New England Region.

[FR Doc. 86-26980 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

#### 14 CFR Part 71

[Airspace Docket No. 86-ASO-27]

#### Proposed Designation of Transition Area, Lincolnton, NC

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

**SUMMARY:** This notice proposes to designate the Lincolnton, North Carolina, transition area to accommodate Instrument Flight Rules (IFR) operations at Lincolnton County Airport. This action will lower the base of controlled airspace from 1200 to 700 feet above the surface in the vicinity of the airport. An instrument approach procedure, based on the proposed Lincolnton Nondirectional Radio Beacon (NRB), is being developed to serve the airport and the controlled airspace is required for protection of IFR aeronautical activities.

**DATES:** Comments must be received on or before: January 22, 1987.

**ADDRESSES:** Send comments on the proposal in triplicate to: Federal Aviation Administration, ASO-530, Manager, Airspace and Procedures Branch, Docket No. 86-ASO-27, P.O. Box 20636, Atlanta, Georgia 30320.

The official docket may be examined in the Office of the Regional Counsel, Room 652, 3400 Norman Berry Drive, East Point, Georgia 30344, telephone: (404) 763-7646.

**FOR FURTHER INFORMATION CONTACT:** Ronald T. Niklasson, Airspace Section, Airspace and Procedures Branch, Air Traffic Division, Federal Aviation Administration, P.O. Box 20636, Atlanta, Georgia 30320; telephone: (404) 763-7646.

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposal.



Communications should identify the airspace docket and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 86-ASO-27." The postcard will be date/time stamped and returned to the commenter. All communications received before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in the light of comments received. All comments submitted will be available for examination in the Office of the Regional Counsel, Room 652, 3400 Norman Berry Drive, East Point, Georgia 30344, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

#### Availability of NPRM's

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Manager, Airspace and Procedures Branch (ASO-530), Air Traffic Division, P.O. Box 20636, Atlanta, Georgia 30320. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2 which describes the application procedure.

#### The Proposal

The FAA is considering an amendment to § 71.181 of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) that will designate the Lincolnton, North Carolina, transitional area. This action will provide controlled airspace for aircraft executing a new instrument approach procedure to Lincolnton County airport. If the proposed designation is found acceptable, the operating status of the airport will be changed to IFR and establishment of the RBN approved. Section 71.181 of Part 71 of the Federal Aviation Regulations was republished in FAA Handbook 7400.6B dated January 2, 1986.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It,

therefore, (1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

#### List of Subjects in 14 CFR Part 71

Aviation Safety, Transition area.

#### The Proposed Amendment

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration (FAA) proposes to amend Part 71 of the Federal Aviation Regulations (14 CFR Part 71) as follows:

#### PART 71—[AMENDED]

1. The authority citation for Part 71 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; E.O. 10854; 49 U.S.C. 106(g) (Rev. Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

#### § 71.181 [Amended]

2. § 71.181 is amended as follows:

#### Lincolnton, NC [New]

That airspace extending upward from 700 feet above the surface within a 6.5-mile radius of the Lincolnton County Airport (Lat. 35°29'01" N., Long. 81°09'39" W.).

Issued in East Point, Georgia, on November 20, 1986.

James L. Wright,

Acting Manager, Air Traffic Division,  
Southern Region.

[FR Doc. 86-26979 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

#### 14 CFR Part 71

[Airspace Docket No. 86-AGL-32]

#### Proposed Establishment of Transition Area; Cumberland, WI

AGENCY: Federal Aviation Administration (FAA), DOT.  
ACTION: Notice of proposed rulemaking.

SUMMARY: This notice proposes to establish the Cumberland, Wisconsin, transition area to accommodate a new NDB Runway 09 Standard Instrument Approach Procedure (SIAP) to Cumberland Municipal Airport.

The intended effect of this action is to ensure segregation of the aircraft using approach procedures in instrument

conditions from other aircraft operating under visual weather conditions in controlled airspace.

DATES: Comments must be received on or before January 2, 1987.

ADDRESS: Send comments on the proposal in triplicate to: Federal Aviation Administration, Regional Counsel, AGL-7, Attn: Rules Docket No. 86-AGL-32, 2300 East Devon Avenue, Des Plaines, Illinois 60018.

The official docket may be examined in the Office of the Regional Counsel, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois.

An informal docket may also be examined during normal business hours at the Air Traffic Division, Airspace Branch, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois

FOR FURTHER INFORMATION CONTACT: Edward R. Heaps, Air Traffic Division, Airspace Branch, AGL-520, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018; telephone (312) 694-7360.

SUPPLEMENTARY INFORMATION: The development of a new NDB Runway 09 SIAP requires that the FAA designate airspace to ensure that the procedure will be contained within controlled airspace.

The minimum descent altitude for this procedure may be established below the floor of the 700-foot controlled airspace.

Aeronautical maps and charts will reflect the defined area which will enable other aircraft to circumnavigate the area in order to comply with applicable visual flight rule requirement.

#### Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposal. Communications should identify the airspace docket and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 86-AGL-32." The postcard will be date/time stamped and



returned to the commenter. All communications received before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in the light of comments received. All comments submitted will be available for examination in the Rules Docket, FAA, Great Lakes Region, Office of Regional Counsel, 2300 East Devon Avenue, Des Plaines, Illinois, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

#### Availability of NPRM's

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attention: Public Information Center, APA-430, 800 Independence Avenue SW., Washington, DC 20591, or by calling (202) 426-8058. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2, which describes the application procedure.

#### The Proposal

The FAA is considering an amendment to § 71.181 of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) to establish a transition area airspace near Cumberland, Wisconsin.

Section 71.181 of Part 71 of the Federal Aviation Regulations was republished in Handbook 7400.6B dated January 2, 1986.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

#### List of Subjects in 14 CFR Part 71

Aviation Safety, Transition Areas.

#### The Proposed Amendment

##### PART 71—[AMENDED]

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration proposes to amend Part 71 of the Federal Aviation Regulations (14 CFR Part 71) as follows:

1. The authority citation for Part 71 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

2. Section 71.181 is amended as follows:

##### Cumberland, WI [New]

That airspace extending upward from 700 feet above the surface within a 5 mile radius of the Cumberland Municipal Airport (Lat. 45°30'25" N., Long. 91°58'45" W.) and within 3 miles either side of the 262° bearing from the Cumberland NDB extending from the 5 mile radius to 8.5 miles west of the airport.

Issued in Des Plaines, Illinois, on November 18, 1986.

Peter H. Salmon,

Acting Manager, Air Traffic Division.

[FR Doc. 86-26981 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M

#### POSTAL SERVICE

##### 39 CFR Part 10

##### Proposed Express Mail International Service to Austria

AGENCY: Postal Service.

ACTION: Proposed rule.

SUMMARY: Pursuant to an agreement with the postal administration of Austria, the Postal Service intends to begin Express Mail International Service with Austria at postage rates indicated in the tables below.

DATE: Comments must be received on or before January 2, 1987.

ADDRESS: Written comments should be directed to the General Manager, Rate Development Division, Office of Rates, Rates and Classification Department, U.S. Postal Service, Washington, DC 20260-5350. Copies of all written comments will be available for public inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday, in room 8620, 475 L'Enfant Plaza West, SW., Washington, DC 20260-5350.

FOR FURTHER INFORMATION CONTACT: Leon W. Perlinn, (202) 268-2673.

SUPPLEMENTARY INFORMATION: The International Mail Manual is incorporated by reference in the Code of Federal Regulations, 39 CFR 10.1.

Additions to the manual concerning the proposed new services, including the rate tables reproduced below, will be made in due course. Accordingly, although 39 U.S.C. 407 does not require advance notice and the opportunity for submission of comments on international service, and the provisions of the Administrative Procedure Act on proposed rulemaking (5 U.S.C. 553) do not apply (39 U.S.C. 410(a)), the Postal Service invites interested persons to submit written data, views or arguments concerning the proposed Express Mail International Service to Austria at the rates indicated in the tables below.

#### List of Subjects in 39 CFR Part 10

Postal Service, Foreign relations.

##### PART 10—[AMENDED]

The authority citation for Part 10 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 401, 404, 407, 408.

#### AUSTRIA—EXPRESS MAIL INTERNATIONAL SERVICE

| Custom designed service <sup>1,2</sup> |         | On demand service <sup>2</sup> |         |
|--|---------|--------------------------------|---------|
| Up to and including—                   |         | Up to and including—           |         |
| Pounds                                 | Rate    | Pounds                         | Rate    |
| 1                                      | \$31.00 | 1                              | \$23.00 |
| 2                                      | 34.80   | 2                              | 26.80   |
| 3                                      | 38.60   | 3                              | 30.60   |
| 4                                      | 42.40   | 4                              | 34.40   |
| 5                                      | 46.20   | 5                              | 38.20   |
| 6                                      | 50.00   | 6                              | 42.00   |
| 7                                      | 53.80   | 7                              | 45.80   |
| 8                                      | 57.60   | 8                              | 49.60   |
| 9                                      | 61.40   | 9                              | 53.40   |
| 10                                     | 65.20   | 10                             | 57.20   |
| 11                                     | 69.00   | 11                             | 61.00   |
| 12                                     | 72.80   | 12                             | 64.80   |
| 13                                     | 76.60   | 13                             | 68.60   |
| 14                                     | 80.40   | 14                             | 72.40   |
| 15                                     | 84.20   | 15                             | 76.20   |
| 16                                     | 88.00   | 16                             | 80.00   |
| 17                                     | 91.80   | 17                             | 83.80   |
| 18                                     | 95.60   | 18                             | 87.60   |
| 19                                     | 99.40   | 19                             | 91.40   |
| 20                                     | 103.20  | 20                             | 95.20   |
| 21                                     | 107.00  | 21                             | 99.00   |
| 22                                     | 110.80  | 22                             | 102.80  |
| 23                                     | 114.60  | 23                             | 106.60  |
| 24                                     | 118.40  | 24                             | 110.40  |
| 25                                     | 122.20  | 25                             | 114.20  |
| 26                                     | 126.00  | 26                             | 118.00  |
| 27                                     | 129.80  | 27                             | 121.80  |
| 28                                     | 133.60  | 28                             | 125.60  |
| 29                                     | 137.40  | 29                             | 129.40  |
| 30                                     | 141.20  | 30                             | 133.20  |
| 31                                     | 145.00  | 31                             | 137.00  |
| 32                                     | 148.80  | 32                             | 140.80  |
| 33                                     | 152.60  | 33                             | 144.60  |
| 34                                     | 156.40  | 34                             | 148.40  |
| 35                                     | 160.20  | 35                             | 152.20  |



AUSTRIA—EXPRESS MAIL  
INTERNATIONAL SERVICE—Continued

| Custom designed service <sup>1,2</sup> |        | On demand service <sup>2</sup> |        |
|--|--------|--------------------------------|--------|
| Up to and including—                   |        | Up to and including—           |        |
| Pounds                                 | Rate   | Pounds                         | Rate   |
| 36.....                                | 164.00 | 36.....                        | 156.00 |
| 37.....                                | 167.80 | 37.....                        | 159.80 |
| 38.....                                | 171.60 | 38.....                        | 163.60 |
| 39.....                                | 175.40 | 39.....                        | 167.40 |
| 40.....                                | 179.20 | 40.....                        | 171.20 |
| 41.....                                | 183.00 | 41.....                        | 175.00 |
| 42.....                                | 186.80 | 42.....                        | 178.80 |
| 43.....                                | 190.60 | 43.....                        | 182.60 |
| 44.....                                | 194.40 | 44.....                        | 186.40 |

<sup>1</sup> Rates in this table are applicable to each piece of International Custom Designed Express Mail shipped under a Service Agreement providing for tender by the customer at a designated Post Office.

<sup>2</sup> Pickup is available under a Service Agreement for an added charge of \$5.60 for each pickup stop, regardless of the number of pieces picked up. Domestic and International Express Mail picked up together under the same Service Agreement incurs only one pickup charge.

An appropriate amendment to 39 CFR 10.3 to reflect these changes will be published when the final rule is adopted. Paul J. Kemp,

Supervisory Attorney Legislative Division.

[FR Doc. 86-26996 Filed 12-1-86; 8:45 am]

BILLING CODE 7710-12-M

ENVIRONMENTAL PROTECTION  
AGENCY

## 40 CFR Part 52

[A-5-FRL-3121-4]

Approval and Promulgation of  
Implementation Plans; Ohio

AGENCY: U.S. Environmental Protection Agency (USEPA).

ACTION: Proposed rule.

**SUMMARY:** USEPA proposes to disapprove a revision to the Ohio State Implementation Plan (SIP) for ozone. The requested revision consists of a permanent relaxation of the volatile organic compound (VOC) emission limits previously approved by USEPA for the interior coatings applied to steel drums at Van Leer Containers, Inc., in Cuyahoga County, Ohio.

USEPA is proposing to disapprove this revision because the source is located in an urban ozone nonattainment area (the Cleveland area); and the State has not demonstrated that the requested revision would limit emissions to levels reflecting the application of reasonably available control technology, or that the revision would not interfere with timely attainment of the ozone standard or

with progress towards attainment in the interim. The source remains subject to the control requirements of the Ohio Administrative Code (OAC), Rule 3745-21-09(U) and Rule 3745-21-04(C) (28).

**DATE:** Comments on the requested SIP revision and on the proposed USEPA action must be received by January 2, 1987.

**ADDRESS:** Copies of the requested SIP revision are available at the following addresses for review: (It is recommended that interested parties telephone Debra Marcantonio, at (312) 886-6088, before visiting the Region V Office.)

U.S. Environmental Protection Agency,  
Region V Air and Radiation Branch,  
230 South Dearborn Street, Chicago,  
Illinois 60604

Ohio Environmental Protection Agency,  
Office of Air Pollution Control, 361  
East Broad Street, Columbus, Ohio  
43216

Copies of the Technical Support Document for this proposed rulemaking are also available from the Region V Office. Comments on this proposed rule should be addressed to: (Please submit an original and three copies, if possible.)

Gary Gulezian, Chief, Regulatory Analysis Section, Air and Radiation Branch (5AR-26), U.S. Environmental Protection Agency, Region V, 230 South Dearborn Street, Chicago, Illinois 60604.

**FOR FURTHER INFORMATION CONTACT:** Debra Marcantonio, Air and Radiation Branch (5AR-26), U.S. Environmental Protection Agency, Region V, Chicago, Illinois 60604, (312) 886-6088.

**SUPPLEMENTARY INFORMATION:** On December 20, 1984, the Ohio Environmental Protection Agency (OEPA) submitted a site-specific SIP revision request for metal parts coating lines at Van Leer Containers, Inc., in Cuyahoga County. USEPA has completed its review of this request and is today proposing to disapprove the request.

## Summary of SIP Revision

Van Leer Containers, Inc., operates a steel drum manufacturing facility in Cleveland, Ohio, that was previously operated by the Inland Steel Container Company. The facility makes steel drums for a wide variety of products. In producing the steel drums, metal parts coating lines are used to apply interior and exterior coatings to the drum shells and parts.

The coating lines are subjects to the VOC emission limits contained in OAC Rule 3745-21-09(U). Under this rule, the exterior coatings must comply with a limit of 3.5 pounds of VOC per gallon of coating, excluding water, and the

interior coatings must comply with a limit of 5.0 pounds of VOC per gallon of coating, excluding water. Alternatively, the source may install add-on control equipment that achieves the capture and control efficiencies for VOC specified in OAC Rule 3745-21-09(U)(1)(b). Van Leer Containers is subject to the December 31, 1982, compliance date contained in OAC Rule 3745-21-04(C)(28).

OEPA has submitted to USEPA a request for a SIP revision that consists of a permanent relaxation of the VOC emission limits for the interior coatings used at the two metal parts coating lines. The requested revision would set the following VOC emission limits for interior coatings: 5.0 lbs/gallon of coating, excluding water, for phenolic coatings, and 6.4 lbs/gallon of coating, excluding water, for epoxy phenolic coatings. The facility would still be required to meet the existing limit of 3.5 lbs/gallon of coating, excluding water, for exterior coatings. This revision would permit Van Leer to continue using all of the interior drum coatings that were employed at the facility in 1982, when VOC emissions from the interior coatings exceeded the level permitted under the existing SIP by 11.8 tons.

OEPA issued variances to Inland Steel Container, Van Leer's predecessor, which include the above emission limits. In addition, the variances contain recordkeeping and reporting requirements.

To support the SIP revision request, OEPA has submitted information that purports to demonstrate that it is not economically reasonable for Van Leer to install add-on control equipment, and that interior drum coatings which comply with OAC Rule 3745-21-09(U) are not currently available and are not expected to be available in the near future.

## USEPA Evaluation

## A. Control Technology

Van Leer's facility is located in Cuyahoga County, Ohio, which is part of the Cleveland ozone nonattainment area. That area has been listed by the State of Ohio and by the Administrator, under section 107(d)(1)(A) and 171(a) of the Clean Air Act, 42 U.S.C. 7407(d)(1)(A), 7601(a), as not meeting the primary and secondary National Ambient Air Quality Standards (NAAQS) for ozone.

Section 172(b)(3) of the Act, 42 U.S.C. 7502(b)(3), requires that the provisions of a SIP applicable to such an area require "such reduction in emissions from existing sources in the area as may be obtained through the adoption, at a



minimum, of reasonably available control technology." Ozone is produced in the ambient air by reaction of VOC and Oxides of Nitrogen (NO<sub>x</sub>). The interior drum coatings used by Van Leer emit VOC during their application and curing. The requested SIP revision can be approved only if it limits VOC emissions from the interior coatings to a level reflecting the application of reasonably available control technology (RACT).

Reductions in VOC emissions may be obtained either by reducing the VOC content of the coatings or by installing control systems to capture and destroy the VOC before they escape into the ambient air. USEPA concludes that the requested SIP revision does not limit VOC emissions to a level reflecting application of either of these techniques and that the State of Ohio has not demonstrated that these techniques are not RACT for the Van Leer facility. This notice summarizes the basis for USEPA's conclusions. More details are contained in the Technical Support Document.

#### 1. VOC Content of Coatings

The requested SIP revision cannot be approved, unless the State demonstrates that interior drum coatings that are satisfactory for Van Leer's drums' intended uses and that comply with the USEPA-approved VOC limits contained in the existing Ohio SIP are not reasonably available. If such complying coatings are not reasonably available, the State must further demonstrate that the limits in the requested revision reflect the lowest VOC content among the coatings that are reasonably available. The State has met neither of these requirements.

Documentation submitted by the State to USEPA shows that interior drum coatings are available with VOC content below the existing SIP limit (5.0 lbs/gallon) and further below the limits (5.7 lbs/gallon for phenolic coatings and 6.4 lbs/gallon for epoxy coatings) in the requested revision.

A letter to OEPA from Van Leer's predecessor at the Cleveland facility, Inland Steel) Container, reveals that, as of 1981, Inland employed phenolic interior drum coatings with VOC content as low as 4.6 lbs/gallon and epoxy phenolic coatings with VOC content as low as 4.71 lbs/gallon. The variance application submitted by Inland to OEPA indicates that, in 1982, it employed one interior drum coating with a VOC content of 4.8 lbs/gallon and numerous coatings in the range 5.1—5.3 lbs/gallon. Letters from coating suppliers to Inland indicate that interior drum coatings with VOC content as low

as 4.2 lbs/gallon have been supplied to the Cleveland facility. Finally, another manufacturer of steel drums reports employing clear interior coatings with VOC content as low as 4.4–4.5 lbs/gallon with the use of paint heaters (see below) and 4.6–4.7 lbs/gallon without heaters. The same manufacturer reports that its interior coatings, including those applied after heating, typically average between 4.8 and 5.0 pounds of VOC per gallon (Technical Support Document, p. 3).

An April 20, 1981, letter from Inland to OEPA states that the VOC content of interior coatings currently in use in the pail and drum industry ranges from 4.9 to 5.7 lbs/gallon for phenolic coatings, and from 4.7 to 6.4 lbs/gallon for epoxy phenolic coatings. Thus, the requested SIP revision, if granted, would authorize Van Leer's future use of the highest-VOC coatings currently in use in the industry. The requested revision would not require Van Leer to use the available complying coatings, to come as close as feasible to complying with the existing SIP, or even to consider VOC content in selecting coatings.

The State has not advanced any substantive general or source-specific reasons why the available coatings with VOC content below the existing Ohio SIP limit and below the limits in the requested SIP revision are not satisfactory for Van Leer's drums' intended uses. The State requested information from Inland concerning the specific requirements that had to be met by each of its interior drum coatings, but Inland replied with only a general statement of the types of requirements that must be met. Inland asserted that its customers request particular coatings and that it must comply with its customers' requests. Inland did not, however, explain specifically why the available coatings with VOC content below the limits in the existing Ohio SIP and in the requested SIP revision are not satisfactory for its customers' particular uses. Customer requests can justify a relaxation of VOC emission limits only if those requests are based on needs that cannot be filled by coatings with VOC content that either meets current emission limits or is lower than that of the requested coatings.

The variance application indicates that solvent is added to all of Van Leer's interior drum coatings before they are applied. The addition of solvent increases the VOC content of the coatings. The State has submitted no evidence of trial runs or other measures to show that Van Leer has made all reasonable efforts to reduce the amount of solvent added and, if possible, to eliminate the addition of solvent.

One steel drum manufacturer, mentioned above, has reported to USEPA that it has been able to reduce the amount of solvent added to its interior coatings by heating the coatings to reduce their viscosity. The manufacturer reports that, using paint heaters, it has reduced the VOC content of some of its interior coatings from 4.8–4.7 lbs./gallon to 4.4–4.5 lbs./gallon, a reduction of approximately 0.2 lbs./gallon (Technical Support Document, p. 3).

The State has submitted no evidence that Van Leer has investigated or attempted the use of paint heaters to reduce the VOC content of its interior drum coatings. Because the record suggests that the use of paint heaters to reduce the VOC content of metal parts coatings could be considered RACT, the State should show that paint heating is not a reasonably available option for Van Leer before emission limits are relaxed.

For these reasons, USEPA finds that the requested SIP revision does not require emission reductions reflecting the application of RACT to reduce the VOC content of Van Leer's interior drum coatings and; therefore, the revision cannot be approved.

#### 2. Control Systems

USEPA has determined that add-on controls, specifically incinerators and carbon adsorption, are technically feasible means of limiting VOC emissions from sources in the metal surface-coating category. (Control of Volatile Organic Emissions from Existing Stationary Sources—Volume VI: Surface Coating of Miscellaneous Metal Parts and Products, EPA-450/2-78-015, pp. 2–6 through 2–9.) Facilities that are unable to comply with emission limits by using low-VOC coating should install add-on controls if the installation of such controls is economically reasonable. Other pail and drum coating facilities, besides Van Leer's, have installing or are installed add-on controls. (Technical Support Document, pp. 3–5).

The State has submitted documentation from Van Leer that purports to demonstrate that control of VOC emissions through add-on controls would be unreasonably costly. Van Leer claims that the annualized cost of a control system would be approximately \$7,000 per ton of VOC emission reduction. USEPA concludes, however, that the documentation submitted is not adequate to support this claim.

In the documentation submitted, Van Leer presents only the costs of a thermal incineration system that it assumes



would be applied solely to its shell lining oven, which is responsible for only a fraction of the VOC emissions from the coating line. The State has submitted no information on the distribution of emissions between the shell lining oven and the other elements of the coating line, but it appears from the cost estimate that the shell lining oven is responsible for only about one-fourth of the emissions. The existing Ohio SIP specifies that applying a control system to the entire coating line is one acceptable method of compliance. See OAC Rule 3745-21-09(U)(1)(b). Applying a control system to the entire coating line would result in greater VOC emission reductions than would its application solely to the lining oven, and could result in a lower cost per ton of emission reductions.

The State has not met its responsibility to show that this method of compliance is not appropriate or economically reasonable.

Moreover, the State has submitted no information or documentation to show that the system on which Van Leer's cost estimate is based is the proper size for control of the lining oven only. Use of a larger system than necessary would result in an artificially high estimate of the cost per ton of VOC removed.

The State has also not adequately explained or documented the cost estimate itself. Adequate details and documentation of the capital, utilities, labor, parts, and indirect operating costs have not been submitted.

The State has also failed to show that the incineration system used in the cost estimate is the most cost-effective for the Van Leer facility. A comparison should be made between catalytic and thermal incineration, and various levels of heat recovery should be considered. Finally, the State's submission does not present adequate consideration of carbon adsorption as a control technique.

For these reasons, USEPA concludes that the State has not shown that a control system is not RACT for the Van Leer facility. Therefore, the requested SIP revision cannot be approved.

#### B. Air Quality

Section 110(a)(2)(B) of the Clean Air Act, 42 U.S.C. 7410(a)(2)(B), requires that SIPs for an air pollutant include such control measures as are necessary to ensure attainment and maintenance of the NAAQS for that pollutant. Section 110(a)(3)(A) of the Act, 42 U.S.C., 7410(a)(3)(A), applies this same requirement to revisions of the plans. USEPA's regulations implementing section 110 assign to the States the burden of demonstrating that their plans

satisfy this requirement (40 CFR 51.13(e), 51.14(c)).

As noted previously, Van Leer's facility is located in a nonattainment area for ozone, a photochemical oxidant. Section 172(a)(2), of the Act, 42 U.S.C. 7502(a)(2), requires that the provisions of the SIP applicable to such an area provide for attainment of the primary NAAQS for ozone not later than December 31, 1987. Further, section 172(b)(3) of the Act, 42 U.S.C. 7502(b)(3) requires that, in the interim, the plan provisions require reasonable further progress (RFP) towards such attainment. As with the requirement of attainment, USEPA has interpreted the Act as assigning to the States the burden of demonstrating that their plans meet the requirement of RFP. (See 46 FR 7182, 7187 (1981).)

A State seeking to revise an USEPA-approved emission limit for a source in a nonattainment area should demonstrate that the requested revision would not interfere with attainment of the ozone standard by December 31, 1987, or with RFP in the interim. If, as here, the requested revision is an uncompensated relaxation of an emission limit, the State can meet this burden by, among other means, demonstrating that the unrevised SIP provides for a sufficient "cushion" to accommodate the relaxation. In other words, the State could demonstrate that the unrevised SIP provides a greater level of control than is necessary to ensure RFP and timely attainment.

The State has attempted to meet this burden by relying on a 1982 SIP submission to USEPA that purported to demonstrate that the Cleveland area would attain the ozone standard, with a substantial cushion, by the end of 1982. USEPA, however, proposed to disapprove that demonstration on July 25, 1984 (49 FR 29973), and issued its final disapproval on March 25, 1986 (51 FR 10198). The attainment demonstration was disapproved because air quality data collected after 1982 revealed that the standard had not, in fact, been attained and that, therefore, the demonstration was inaccurate.

Therefore, USEPA concluded that the State has not shown that the requested relaxation of an approved RACT emission limit would not interfere with timely attainment of the ozone standard; and, consequently, the relaxation cannot be approved.

#### Conclusion

Based on the deficiencies detailed above, USEPA is proposing to disapprove the SIP revision request for Van Leer Containers, Inc., in Cuyahoga County, Ohio.

Pursuant to the provisions of 5 U.S.C., 605(b), I certify that this action will not have a significant economic impact on a substantial number of small entities, because it affects only one source.

In addition, this action imposes no new requirements on the source. Under Executive Order 12291, today's action is not "major." It has been submitted to the Office of Management and Budget for review.

Authority: 42 U.S.C. Sections 7401-7642.

Dated: September 25, 1986.

Valdas V. Adamkus,

Regional Administrator.

[FR Doc. 86-27031 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### 40 CFR Part 52

[A-1-FRL-3121-5]

#### Approval and Promulgation of Implementation Plans; Vermont Visibility Protection in Federal Class I Areas; Lye Brook Wilderness Area

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

**SUMMARY:** EPA is proposing to approve parts and take no action on other parts of State Implementation Plan revisions submitted by the State of Vermont pursuant to section 169A of the Clean Air Act. These revisions set forth a plan to address manmade visibility impairment in the Lye Brook Wilderness Area, a mandatory Class I federal area. Approval is proposed for those parts of the revisions which fulfill the requirements of EPA's existing visibility program concerning visibility impairment that can be traced to a single source or small group of sources using simple monitoring techniques. No action is proposed for those parts of the revisions concerning the control of regional haze impairment to visibility caused by pollutants that may be transported and transformed in the atmosphere over long distances because EPA has not yet developed a national regulatory program to address regional haze. No action is also proposed for Vermont's request to extend applicability of its plan to additional areas outside of the Lye Brook Wilderness Area. This notice addresses Vermont's submittal and EPA's proposed actions concerning it.

**DATES:** Public comments on this document must be received on or before February 2, 1987.

**ADDRESSES:** Comments may be mailed to Louis F. Gitto, Director, Air Management Division, Room 2311, JFK



Federal Building, Boston, MA 02203. Copies of the submittal and EPA's evaluation are available for public inspection during normal business hours at the Environmental Protection Agency, Room 2311, JFK Federal Building, Boston, MA 02203; and the Vermont Agency of Environmental Conservation, Air Pollution Control Program, Building 3 South, 103 South Main Street, Waterbury, Vermont 05676.

**FOR FURTHER INFORMATION CONTACT:** Susan Kulstad at (617) 565-3226; FTS 835-3226.

**SUPPLEMENTARY INFORMATION:** On April 22, 1986, the Governor of Vermont submitted revisions to the Vermont State Implementation Plan (SIP). These revisions provide for the protection of visibility in Vermont's only federally mandated Class I area, the Lye Brook Wilderness Area (see 40 CFR 81.431). Revisions to Vermont's state regulations which pertain to its visibility plan became effective September 17, 1986.

### Background

In section 169A of the Clean Air Act, 42 U.S.C. 7491, Congress declared as a national goal the prevention of any future, and the remedying of any existing, impairment of visibility resulting from manmade air pollution in mandatory Class I federal areas.

On December 2, 1980, EPA promulgated visibility regulations pursuant to section 169A but limited the scope to address only impairment that can be traced to a single existing stationary facility or small group of existing stationary facilities by simple monitoring techniques (known as "plume blight" or "Phase I" regulations), 45 FR 80084. These regulations are codified at 40 CFR 51.300 *et seq.* EPA's rules require that SIPs address the following issues: (1) Coordination with the Class I area Federal Land Manager, (2) best available retrofit technology (BART) analysis for existing facilities identified as reasonably anticipated to cause or contribute to visibility impairment in a Class I area, (3) a monitoring strategy for evaluating visibility in a Class I area, (4) a long-term strategy (10-15 years) for making reasonable progress toward the national visibility goal, and (5) review of proposed new sources for their impact on visibility in Class I areas.

EPA's 1980 final rulemaking deferred the regulation of widespread, regionally homogenous haze from a multitude of sources which impairs visibility over a large area (known as "regional haze" or "Phase II") to future rulemaking, stating in relevant part, "... Future phases will extend the visibility program by

addressing more complex problems such as regional haze and urban plumes. We will propose and promulgate future phases when improvement in monitoring techniques provide more data on source-specific levels of visibility impairment, regional scale models become refined, and our scientific knowledge about the relationships between emitted air pollutants and visibility impairment improves." 45 FR 80086.

Section 110(a)(3) of the Act, 42 U.S.C. 7410(a)(3), requires EPA to approve any measure a state submits as a revision to its SIP if the measure meets the requirements of section 110(a)(2). Section 110(a)(2) in relevant part requires each SIP to "meet the requirements of . . . part C (relating to prevention of significant deterioration of air quality and visibility protection). . . ." See section 110(a)(2)(j), 42 U.S.C. (a)(2)(j). Part C does not itself specify requirements that are applicable to SIPs directly, but instead empowers EPA to establish such requirements. Section 169A calls upon EPA to promulgate regulations that in turn require each relevant SIP "to contain such emission limits, schedules of compliance and other measures as may be necessary to make reasonable progress toward meeting the national goal . . ."

Section 110(a)(3) is silent as to what action EPA must take if the measures a state submits do not meet the requirements of section 110(a)(2). Section 110(a)(2) implies that EPA must disapprove any measure that is inconsistent with one of those requirements, in that it requires EPA to "approve or disapprove" those measures submitted by a state as its original SIP to achieve a national ambient air quality standard. In contrast, however, neither section 110(a)(2) nor any other provision of the Act gives even implicit guidance on how EPA is to treat measures that are simply outside the scope of the requirements of section 110(a)(2) and hence neither consistent nor inconsistent with them.

Vermont's SIP revisions not only address the requirements of EPA's 1980 regulations to protect visibility but also address impairment caused by regional haze in the Lye Brook Wilderness Area. Vermont has analyzed historical monitoring data to characterize its visibility impairment. The National Weather Service has made visual range and relative humidity measurements at the Burlington, Vermont International Airport since 1948. The Vermont Agency of Environmental Conservation (the Vermont agency) employed this visual range data to examine long-term variations in Vermont's visibility during the summertime season (April-

September) over the period 1948 through 1984. The data show a long-term trend of decreasing average visual range from the mid-1950's to the early 1970's. There has been a slight improvement over the last decade. The data also show that the frequency of very clear summer days (visual range greater than 35 miles) has decreased from about 45% in the 1950's to about 27% at present. This indicator does not show any significant improvement in recent years.

Daily concentrations of particulates, sulfates, and trace elements have been measured since July, 1982 at a remote site in Underhill, Vermont. The Vermont agency analyzed visual range data and sulfate and particulate concentrations from the summer of 1982, employing multiple linear regression techniques, and found that sulfates and associated moisture accounted for 85% of the variation in summertime light extinction. A second regression analysis of the 1982 data, using sulfates as the dependent variable, produced a predictive equation for estimating sulfate concentrations given visual range and relative humidity measurements. The Vermont agency applied this equation to Burlington airport observations to estimate daily sulfate concentrations for the months of June and July, 1983. The sulfate values estimated by this equation closely follow the measured values for the same period, both in terms of absolute magnitude and temporal sequence. This indicates a close relationship between sulfate mass concentration and visibility in Vermont.

The program elements of Vermont's plan are identified below. For each element there is a discussion of key program aspects, applicable EPA requirements, and EPA's proposed action. For more details on EPA's review, see the Technical Support Document available at locations listed in the ADDRESSES section of this notice.

### Vermont's Visibility Protection Plan

#### 1. Best Available Retrofit Technology (BART) for Existing Sources

##### A. Vermont's Program

The Vermont agency performed visibility calculations for all existing stationary sources within the state with a rated firing capacity greater than one MMBtu per hour to determine which, if any, sources might reasonably be suspected of causing plume blight impairment, and found that no sources are suspect. The Federal Land Manager for the Lye Brook Wilderness Area agrees with the conclusion that visibility impairment within the Class I area is not due to plume blight.



## B. EPA Requirements

EPA's visibility protection regulations require an analysis of all existing major stationary sources that have the potential to emit 250 tons per year or more of any pollutant and which were not in operation before August 7, 1962 and were in existence on August 7, 1977, to identify those which may reasonably be anticipated to cause or contribute to plume blight in a Class I area. 40 CFR 51.302(c)(2)(ii) and 51.302(c)(4). For those identified sources, if any, BART must be determined.

## C. EPA's Proposed Action

EPA proposes approval of the Vermont agency's demonstration that BART is not necessary since existing plume blight is not a cause of visibility impairment in the Lye Brook Wilderness Area.

### 2. Ambient Sulfate Standards

#### A. Vermont's Program

Vermont has set secondary ambient air quality standards for sulfates of 2.0 ug/m<sup>3</sup> on both a 24-hour basis (maximum concentration) and a summertime seasonal arithmetic mean (April through September), V.S.A. 5-310. The 24-hour sulfate standard is intended to be representative of the maximum concentration that might be experienced in Vermont due to natural sources. The Vermont agency estimates that for relative humidities of around 55%, such as are common on summer days, a visual range of over 30 miles would be maintained by achieving this standard. The 24-hour standard also serves as a significant impact level in Vermont's new source review program. Sources emitting significant quantities of sulfur dioxide and having impacts greater than the 24-hour standard would be required to obtain offsets of sulfur dioxide emissions. Because of the highly episodic nature of sulfate concentrations in Vermont, a seasonal mean standard will be easier to attain than the 24-hour standard. The summertime seasonal average standard has been set as a measure of progress toward the remedying of visibility impairment. Proposed new and modified stationary sources must demonstrate that they will not significantly contribute to any violation of the summertime standard, by showing no exceedance of a 0.2 ug/m<sup>3</sup> level of significant impact over the seasonal averaging period.

#### B. EPA Requirements

EPA's visibility protection regulations address plume type impairment and do not establish or require ambient air quality sulfate standards.

## C. EPA's Proposed Action

EPA proposes to take no action on the Vermont ambient sulfate standards. Since Vermont has demonstrated that there is no existing plume type impairment in the Lye Brook Wilderness area and that its visibility impairment is due to out-of-state sulfur emissions, EPA considers Vermont's ambient sulfate standards to be a regional haze measure that addresses the broader requirements of section 169A of the Act and not just the requirements of EPA's regulations. Section 169A of the Act requires EPA to promulgate regulations to implement the bare statutory requirements. Since EPA has not completed action on a national Phase II visibility program, the state is not required by section 110 to address regional haze impairment at this time. In addition, EPA has no criteria against which to judge the adequacy of regional haze measures such as ambient sulfate standards and therefore EPA is declining to take any action on the sulfate standards, at this time. However, because section 116 of the Act allows states to adopt standards more stringent than the federal requirements, Vermont can as a matter of state law apply and enforce these standards under its revised state regulations even though EPA does not make them federal rules.

### 3. New Source Review

#### A. Vermont's Program

Revisions to Vermont's regulations require proposed new or modified stationary sources to demonstrate that increases in allowable emissions will not cause or contribute to any violation of the 24-hour or summertime seasonal average ambient sulfate standard and will not adversely impact visibility. Vermont has set levels of significant sulfate impacts for these averaging periods in its state regulations. The state requires visibility screening using equations set out in EPA's *Workbook for Estimating Visibility Impairment* to demonstrate no adverse impact on visibility; the Vermont environmental agency will perform such screening. Applications submitted to the Vermont agency will be routinely coordinated with the Federal Land Manager for the Lye Brook Wilderness Area (U.S. Forest Service), allowing at least 30 days notification for the Federal Land Manager to review potential visibility impacts and at least 60 days notification to provide opportunity for comment before any public hearing on a proposed source occurs. Explanation of the Federal Land Manager's findings will be routinely provided by the Vermont agency through public notices in local newspapers.

## B. EPA Requirements

EPA's visibility protection regulations require the review of proposed new major stationary sources or major modifications with respect to potential visibility impacts on affected Class I areas. 40 CFR 51.307. The state must notify all affected Class I area Federal Land Managers in writing and transmit relevant information on proposed new sources or modifications within 30 days of receipt and at least 60 days before a public hearing on an application for a permit to construct is held by the Vermont agency. Consideration must be given by the state permitting agency to any analysis performed by the Federal Land Manager that such proposed new source or modification may have an adverse impact on visibility. If the state permitting agency disputes the Federal Land Manager's analysis of adverse impact, the state must explain or describe where its explanation may be found in the notice of public hearing.

## C. EPA's Proposed Action

EPA proposes to approve the Vermont new source review provisions as meeting the requirements of 40 CFR 51.307. This action, if made final, will supersede the promulgation of federal visibility new source review provisions for Vermont on July 12, 1985. 50 FR 28544. As discussed above, EPA proposes to take no action on the ambient sulfate standards; thus, it is also proposing to take no action on the portions of the new source review plan that pertain to ambient sulfate standards.

### 4. Emissions Reduction Plan

#### A. Vermont's Program

Vermont has demonstrated that visibility impairment in its Class I area is due predominantly to regional haze caused by out-of-state sulfur emissions. Having determined that neither control nor retirement of existing Vermont sources will improve the manmade visibility impairment in the Lye Brook Wilderness Area, Vermont specifies a phased national emissions reduction plan for the forty-eight contiguous states as part of its long-term strategy. Vermont calls for SIP measures that: (1) Cap sulfur dioxide (SO<sub>2</sub>) emissions at the levels allowed in SIPs as of 1982; (2) comply with an average statewide SO<sub>2</sub> emission rate of 2.0 pounds per MMBtu by the year 1989 and 1.2 pounds per MMBtu by 1995 for all facilities with 100 MMBtu per hour or greater heat input; and (3) provide for the control of nitrogen oxides (NO<sub>x</sub>) emissions.



The control provisions for NO<sub>x</sub> include revision of the new source performance standards for electric utility steam generating plants and industrial boilers and the trading of NO<sub>x</sub> for SO<sub>2</sub> emission reductions on a two to one ratio from stationary sources. This plan for national uniformity in average statewide SO<sub>2</sub> emissions borrows from provisions of the New England Acid Deposition Control Plan (NEADCP). Vermont believes that these reduction requirements and similar Canadian commitments will provide for attainment of its summer seasonal sulfate standard about half of the time.

#### B. EPA Requirements

EPA regulations and hence sections 169A and 110 of the Act do not require the states at this time to address visibility impairment in Class I areas caused by the regional haze.

#### C. EPA's Proposed Action

EPA proposes no action on the emissions reductions portion of Vermont's long-term strategy. EPA lacks authority to approve or disapprove this portion of Vermont's plan because EPA has yet to establish requirements for strategies relating to regional haze. Moreover, a national program, as set forth by Vermont, cannot be properly evaluated until EPA develops and implements a Phase II program to address regional haze.

Furthermore, it would be inappropriate for EPA to adopt the Vermont program at this time as a supplement to its 1980 regulations governing the development of visibility protection SIPs. When EPA requires states to adopt and submit visibility SIPs, section 169A of the Act requires EPA to give those states extensive guidance on how to allocate the necessary control burdens among the relevant sources. For instance, section 169A(b)(1) calls upon EPA to develop rules for assessing visibility impairments, modeling the extent to which emissions are causing or contributing to those impairments, and selecting abatement techniques. Indeed, the last sentence of section 169A(B) specifically contemplates that the states will make BART determinations for certain large power plants according to rules that EPA will promulgate. Beyond that, section 169A(b)(2) implicitly calls upon EPA to define—or at least set a framework for defining—the degree of progress for an area that would be reasonable and, hence, both the degree and the pace of emissions abatement that would be reasonable. The definition of what would be reasonable for the number of states that Vermont claims

are contributing to impairment in the Lye Brook Wilderness Area requires a balancing of an extraordinarily complex set of factors and developing a regulatory framework.

Vermont's program fails to provide the level of guidance required by section 169A. It lacks rules for assessing impairment, modeling, and selecting abatement techniques. But, more importantly, Vermont's program would dictate a single solution (average statewide emission rates by certain deadlines) to a problem that has a vast array of potentially acceptable solutions. For instance, in drawing from the NEADCP, Vermont would call upon each of the relevant states to meet a limit of 1.2 pounds of sulfur dioxide per MMBtu; however, the NEADCP does not analyze whether it would be more appropriate to apportion the control burdens according to the degree of contribution. These are difficult questions of great social and economic import, and hence deserve—as contemplated by section 169A—correspondingly extensive analysis—and debate at the national level. Indeed, there is substantial question whether Congress ever intended through section 169A to require EPA and the states to put into place the extraordinarily costly and widespread control program that would appear to be necessary to remedy regional haze impairment in eastern Class I areas. These issues are more appropriately resolved in the Phase II rulemaking procedures.

This would be so even if EPA had the scientific and technical tools necessary to perform this analysis in its hands now. Those tools, however, are not fully available. For instance, EPA does not have reference methods for monitoring nor modeling; thus further work is needed to develop a national regulatory program.

EPA is continuing to pursue active research into monitoring techniques and long range transport modeling that will enable it to develop an appropriate Phase II program. EPA created an Interagency Visibility Task Force in 1984 which reported its findings to the Administrator in 1985. The Task Force recognized that the most effective long-term regulatory approach in the eastern United States would be to link visibility improvement programs to related regional control programs such as the control of acid deposition. The Task Force concluded that this could be best implemented through new legislative authority. The Task Force recommended that in the absence of new legislative authority consideration be given to the development of a fine particle (less than

2.5 microns) secondary national ambient air quality standard in order to make improvements in regional visibility. EPA is considering publication of an advance notice of proposed rulemaking (ANPR) to solicit public comment on a fine particle standard.

#### 5. Long-Term Strategy

##### A. Vermont's Program

Vermont's long-term strategy contains the following findings and provisions: (1) Measuring progress in remedying existing plume blight was rendered unnecessary by Vermont's demonstration that its visibility impairment is not due to plume blight; (2) the state evaluated forest management practices, agricultural burns, and construction activity in Vermont as area sources having a potential to impact visibility, and concluded that adequate measures to protect visibility from these sources are in place; (3) Vermont has revised its regulations to require a statewide average SO<sub>2</sub> emission rate of 1.2 pounds per MMBtu; (4) every three years beginning in December, 1988, the Vermont agency will review its long-term strategy, including its visibility monitoring network, for progress toward meeting the national visibility goal; (5) the state will prepare for the public and EPA's Administrator a report summarizing progress following each three-year review; (6) Vermont has set ambient sulfate standards, as discussed in a preceding section, as measures for assessing progress toward the national visibility goal.

##### B. EPA Requirements

EPA's visibility protection regulations require SIPs to include a long-term (10 to 15 years) strategy for making reasonable progress toward the national visibility goal, with respect to plume blight, as discussed in the preamble to EPA's existing visibility protection regulations, 45 FR 80084. The regulations also require a commitment to review this strategy in consultation with the Class I area Federal Land Manager as appropriate, but not less frequently than every three years. The regulations specify factors that must be considered in the development of the strategy, and assessments that must be made in the periodic review. 40 CFR 51.306.

##### C. EPA's Proposed Action

As discussed in a preceding section, EPA proposes to take no action on those provisions of Vermont's long-term strategy pertaining to ambient sulfate standards and the emissions reduction plan. EPA proposes to approve the



remaining provisions of Vermont's long-term strategy as meeting the requirements of § 51.306.

## 6. Monitoring

### A. Vermont's Program

The Vermont agency will operate sulfate and fine particulate monitors at a rural background site in Underhill, Vermont. Visual range and humidity measurements are ongoing (since 1948) at the Burlington, Vermont airport. Vermont will review the adequacy and appropriateness of these monitors periodically as part of its long-term strategy.

### B. EPA Requirements

EPA visibility protection regulations require SIPs to include a monitoring strategy for evaluating visibility by visual observation or other appropriate techniques, 40 CFR 51.305. Currently, EPA is working with the federal land managers to develop a cooperative national monitoring network, and development by EPA of a visibility monitoring reference method is underway.

### C. EPA's Proposed Action

EPA proposes to approve Vermont's monitoring strategy as meeting the requirements of 40 CFR 51.305. This action, if made final, would supersede the promulgation on July 12, 1985 of a federal visibility monitoring program as it pertains to the State of Vermont. 50 FR 28544. Vermont's analysis of historical visibility data, as discussed in the Background section above, demonstrates that its monitoring network is appropriate for representing visibility conditions in the Lye Brook Wilderness Area.

## 7. Sensitive Areas

### A. Vermont's Program

Vermont's revised regulations concerning visibility protection broaden application beyond the Lye Brook Wilderness Area to include all areas in the state at an elevation of 2,500 feet mean sea level or more. The state includes this broader designation of "sensitive areas" in its submission of the implementation plan. Vermont's designation of "sensitive areas" is based on an elevation cutoff that acts to define areas which are likely to be valued primarily for their recreational usage or to be sensitive to the effects of visibility impairment by ambient levels of sulfates.

### B. EPA Requirements

EPA's visibility protection regulations and section 169A of the Act are

intended to provide protection for mandatory Class I federal areas as defined in sections 162 and 169A of the Act.

### C. EPA's Proposed Action

EPA proposes no action on Vermont's broader applicability of its visibility protection plan to include designated sensitive areas. EPA considers such a designation to be outside of its authority under section 169A. Although the state could redesignate the areas Class I under section 164 of the Clean Air Act, these areas still would not receive visibility protection under section 169A. However, EPA's decision does not relieve Vermont sources of their obligation to meet requirements of state law.

### Other Issues

Included in Vermont's visibility protection plan are modeling results which identify eight states—Ohio, Pennsylvania, West Virginia, Kentucky, Tennessee, Illinois, Indiana, and Michigan—whose emissions cause or contribute to impairment of visibility in the Lye Brook Wilderness Area. Vermont assessed the results of elemental tracer analysis, residence time trajectory analysis, and long range transport modeling to make this identification. Although not part of the state's visibility protection plan, Vermont has asked EPA to disapprove immediately the SIPs of these eight states because they do not contain adequate provisions to prohibit emissions which interfere with Vermont's visibility protection plan.

EPA recognizes that modeling techniques have improved since its visibility protection regulations were promulgated. However, until such time as EPA completes its development of a national Phase II visibility protection program to address interstate regional haze impacts on visibility in Class I areas, for which further model evaluation work is needed, EPA lacks authority to make any SIP calls for regional haze, including any to the identified eight states. EPA could call for a SIP revision only if the SIPs for the relevant state lacked "adequate provisions prohibiting any stationary source within the state from emitting any air pollutant in amounts which will . . . interfere with measures required to be included in the applicable implementation plan for any other state under part C . . . to protect visibility." Section 110(a)(2)(E), 42 U.S.C. 7410(a)(2)(E) (emphasis added); see also sections 110(a)(2)(H) and 110(c)(1)(C), 42 U.S.C. 7410(a)(2)(H) and 7410(c)(1)(C). Here, however, no measures relating to

regional haze are as yet "required to be included" in the SIP for any state under part C. In fact, for this reason, EPA has denied a similar request from the state of Maine. See 49 FR 48152, 48154 col. 1 (December 10, 1984) (final action); 49 FR 34851, 34855 cols. 2-3 (September 4, 1984) (proposal).

Vermont also asks EPA to add four states—Ohio, Pennsylvania, Illinois, and Indiana—to the list of those states EPA has required to develop visibility protection plans. To date, EPA has not listed these four states because they do not contain sources whose emissions cause or contribute to plume type impairment in mandatory Class I federal areas (see 45 FR 80086).

### Summation

Vermont has demonstrated that visibility impairment in its Class I area is caused by regional haze and is attributable predominantly to out-of-state sulfur emissions. At present, EPA's regulations do not address regional haze, but instead are limited to plume blight only. Developmental work currently underway at EPA on a national Phase II program to address regional haze includes: consideration of an advance notice of proposed rulemaking on a fine particulate standard in response to recommendations made in 1985 by the Interagency Visibility Task Force; specifications for visibility monitoring methods; research to develop long range transport models for assessment of acid rain and visibility impacts; and a technical evaluation of existing long range transport models. Until EPA has a national Phase II program to address regional haze, we propose no action on those plan provisions which address regional haze. Nonetheless, where Vermont's plan provisions result in more stringent regulations for Vermont sources by exceeding EPA's requirements, Vermont can apply and enforce those more stringent provisions under its revised state regulations even though EPA has not acted to make them federal rules.

### Proposed Action

EPA is proposing to approve the following provisions of Vermont's visibility protection plan: (1) The new source review procedures, excluding the sulfate standards; (2) the showing that BART is unnecessary for existing Vermont stationary sources; (3) the long-term strategy, excluding the 48-state emissions reductions plan; and (4) the monitoring program. EPA is proposing to take no action on all provisions concerning ambient sulfate standards,



on that portion of Vermont's long-term strategy outlining a phased emissions reduction plan to achieve a uniform statewide average SO<sub>2</sub> emission rate and added NO<sub>x</sub> controls among 48 states, and on broader applicability of the plan to additional "sensitive areas." EPA solicits comment on whether it would be more appropriate to resolve the ambiguities in sections 110 (a)(2) and (a)(3) of the Clean Air Act by approving or disapproving these measures as opposed to taking "no action."

Under 5 U.S.C. 605(b), I certify that this SIP revision will not have a significant economic impact on a substantial number of small entities (see 46 FR 8709).

The Office of Management and Budget has exempted this rule from the requirements of section 3 of Executive Order 12291. The Administrator's decision to approve or disapprove the plan revisions will be based on whether they meet the requirements of sections 110(a)(2)(A)-(K), 110(a)(3), and 169A of the Clean Air Act, as amended, and EPA regulations in 40 CFR Part 51.

#### List of Subjects in 40 CFR Part 52

Air pollution control, Sulfur oxides, Nitrogen dioxide, Particulate matter.

Authority: 42 U.S.C. 7401-7642.

Dated: November 7, 1986.

Michael R. Deland,

Regional Administrator, Region I.

[FR Doc. 86-27032 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### 40 CFR Part 52

[FRL-3120-3]

#### Approval and Promulgation of Implementation Plans; Massachusetts; Automobile Surface Coating

**AGENCY:** Environment Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to disapprove a State Implementation Plan revision submitted by the Commonwealth of Massachusetts. The revision requests an extension of the final compliance dates for topcoating and final repair coating of automobiles from December 31, 1985 to August 31, 1987. General Motors in Framingham, Massachusetts is the only automobile surface coating source in the State. This action does not change the final emission limits at the General Motors

plant nor will it increase or decrease emissions.

The intended effect of this action is to ensure reasonable further progress towards the attainment of the ozone standard by the Massachusetts demonstration date of December 31, 1987.

**DATES:** Comments must be received on or before January 2, 1987. Public comments on this document are requested and will be considered before taking final action on this SIP revision.

**ADDRESSES:** Comments may be mailed to Louis F. Gitto, Director, Air Management Division, Room 2311, JFK Federal Bldg., Boston MA 02203. Copies of the submittal and EPA's evaluation are available for public inspection during normal business hours at the Environmental Protection Agency, Room 2311, JFK Federal Bldg., Boston, MA 02203 and the Department of Environmental Quality Engineering, Division of Air Quality Control, One Winter Street, 8th floor, Boston, MA 02108.

**FOR FURTHER INFORMATION CONTACT:** Cynthia L. Greene (617) 565-3248; FTS 835-3248.

**SUPPLEMENTARY INFORMATION:** On December 30, 1985, S. Russell Sylva, Commissioner of the Department of Environmental Quality Engineering (DEQE), submitted a revision to the Massachusetts State Implementation Plan (SIP). The revision to the automobile surface coating regulation (310 CMR 7.18(7)) requests an extension of the final compliance dates from December 31, 1985 to August 31, 1987 for the topcoat and final repair applications.

#### Background

On September 16, 1980 (45 FR 61293), EPA approved Massachusetts Regulation 310 CMR 7.18(7) which contained the following schedule for compliance with the topcoat and final repair reasonable available control technology (RACT) emissions limitations. The topcoating application limitations were 5.8 lbs VOC/gallon of coating, minus water, by December 31, 1979; 5.0 lbs VOC/gallon of coating, minus water, by December 31, 1982; and 2.8 lbs VOC/gallon of coating, minus water, by December 31, 1985. The final repair application limitation was 4.8 lbs of VOC/gallon of coating, minus water, by December 31, 1985. These dates were consistent with a nationally developed schedule for achieving reductions from the automobile surface coating industry.

On June 7, 1985, GM informed the DEQE that it intended to meet the 2.8 lbs VOC/gallon of coating, minus water, for topcoat and 4.8 lbs VOC/gallon of

coating, minus water, emissions limitations by modifying its plant to use basecoat/clearcoat enamel coatings and by the installation of incinerators on the topcoat ovens. GM requested an extension of the final compliance date from December 31, 1985 to December 31, 1987 (changed to August 31, 1987 after DEQE's review of the permit application) in order to complete its major modification. General Motors submitted proposed plans, in a new source review, air permit application for the major modification, on August 7, 1985.

#### The Revision

The DEQE submitted this extension revision based on EPA's policy statement of October 20, 1981 (46 FR 51366) which established criteria that the Agency uses to review modifications to existing SIP compliance schedules for automobile paint shop operations. EPA evaluated this submittal based on the established criteria and has determined that it does not meet several of the established criteria for the following reasons.

#### Review of SIP Revision Relative to 46 FR 51366 Criteria

1. The purpose of the October 20, 1981 Federal Register policy statement was to allow deferral of the compliance dates for paint shop operations so that more cost-effective control methods could be implemented.

**EPA Evaluation:** In order to meet the emission limits, General Motors is modifying its plant by constructing a new paint shop capable of topcoating cars with basecoat/clearcoat enamel coatings and controlling the topcoating oven emissions with incinerators. The State did not document that the construction of new paint shop lines and installation of incinerators would be a more cost-effective control method than the installation of abatement equipment on the existing lacquer topcoating lines.

2. Any deferral of the compliance dates was still required to assure continued compliance with section 172 of the Clean Air Act (CAA) to implement reasonable available control technology (RACT) as expeditiously as practicable.

**EPA Evaluation:** General Motors did not document that it was impracticable for the company to meet the existing compliance date using incineration on the existing lines or on lines modified to accommodate the basecoat/clearcoat technology. Based on experience at other plants, EPA believes that such technology existed long enough before the end of 1985 to permit General



Motors to install the basecoat/clearcoat technology before that date. Instead, however, General Motors did not decide on its control method until June 7, 1985 when it requested, in a letter to DEQE, an extension until December 31, 1987. General Motors' 1985 request for an extension, only six months from the final compliance date and at least three years after the availability of the basecoat/clearcoat technology, under a policy statement that was published in 1981, cannot be considered implementing reasonably available control technology as expeditiously as practicable.

3. Additionally, EPA's 1981 policy stated that postponement of the compliance dates would be allowed for further development of coating technology.

*EPA Evaluation:* The basecoat/clearcoat technology and incineration technology have already been developed, and General Motors has not documented, that with the technology it intends to use in Framingham, it needs two additional years for technology development.

4. Under EPA's policy, an increase in the amount of emissions from the source is not allowed during deferral of the compliance dates.

*EPA Evaluation:* The DEQE SIP submittal predicts that General Motors' emissions during the deferral would increase above the 1984 actual emissions, thus making it ineligible for the deferral.

5. The policy states that any modifications must be designed to be capable of subsequent adoption of a new generation of low solvent coatings.

*EPA Evaluation:* The State has not demonstrated that General Motors' new basecoat/clearcoat lines will be capable of implementing low solvent technology.

6. Each revision has to be evaluated for its impact on the overall State Implementation Plan, including emission reductions necessary to demonstrate reasonable further progress (RFP) toward attainment of the ozone standard.

*EPA Evaluation:* The entire Commonwealth of Massachusetts is nonattainment for ozone, with an attainment deadline of December 31, 1987. Massachusetts experienced 14 days of violations of the ozone standard during the 1985 ozone season.

7. The DEQE stated in its response to comments given at the public hearing, that General Motors' emissions would not affect the State's ability to demonstrate a 35% reduction in emissions of volatile organic compounds (VOCs). (VOCs are precursors to ozone.) This percentage was used in the 1982

SIP to demonstrate attainment with the ozone standard in the Boston Air Quality Control Region.

*EPA Evaluation:* The DEQE did not submit a complete RFP demonstration with the compliance status of VOC sources and graphs representing annual linear reductions. A complete RFP report is needed to support the DEQE's claim that the ozone primary standard for protecting public health will be attained by the end of 1987 despite the compliance date extension for General Motors and that RFP will be achieved in the interim. Based on the number of ozone violations and their magnitude, EPA believes that there is some evidence that Massachusetts will continue to experience violations of the standard beyond December 31, 1987.

Therefore, EPA is proposing to disapprove the proposed revision to the Massachusetts State Implementation Plan, submitted on December 30, 1985, extending the final compliance dates for the topcoat and final repair applications under the automobile surface coating regulation.

EPA is soliciting public comments on issues discussed in this notice or on other relevant matters. These comments will be considered before taking final action. Interested parties may participate in the Federal rulemaking procedure by submitting written comments to the address above.

#### Proposed action

EPA is proposing to disapprove the SIP revision to the Massachusetts automobile surface coating regulation, 310 CMR 7.18(7), to extend the topcoat and final repair applications final compliance dates.

This disapproval will prevent GM from deferring the topcoat and final repair compliance dates (from December 31, 1985 to August 31, 1987 by revising the State regulation. Extensions of the December 31, 1985 date should instead be obtained through an enforcement mechanism.

Under 5 U.S.C. 605(b), I certify that this SIP revision will not have a significant economic impact on a substantial number of small entities because it affects only one source. In addition, this action imposes no additional requirements on the source.

Under Executive Order 12291, today's action is "Major." It has been submitted to the Office of Management and Budget (OMB) for review.

#### List of Subjects in 40 CFR Part 52

Air pollution control, Ozone.

Dated: July 1, 1986.

Michael R. Deland,

Regional Administrator, Region I.

[FR Doc. 86-27030 Filed, 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### 40 CFR Part 62

[A-4-FRL-3119-2; KY-028]

#### Approval and Promulgation of State Plans for Designated Facilities and Pollutants; Kentucky; Revision in 111(d) Plan for Fluoride Emissions From Primary Aluminum Reduction Plants

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to approve a portion and take no action on a portion of the revision to Kentucky's 111(d) plan for fluoride emissions from primary aluminum reduction plants which was submitted on April 3, 1986. The approvable parts of the revision include minor wording changes and a relaxed emission limit for plants which do not use dry scrubbing technology as their primary fluoride removal system. The relaxation has been justified by technical and economic criteria, and its approval is consistent with EPA's policy on welfare-related pollutants.

The applicability provisions of Kentucky's primary aluminum reduction regulation have also been revised to state that if an existing primary aluminum reduction plant modifies its method of operation (e.g., removes its scrubbers), this would not be considered a "modification" and the plant would not be subject to the more stringent requirements of 40 CFR Part 60, Subpart S (New Source Performance Standards for Primary Aluminum Reduction Plants).

Because EPA action on this language is beyond the scope of this 111(d) rulemaking, EPA is proposing to take no action on that portion of Kentucky's rule.

The effect of this action will be to relax the 111(d) emission standard for gaseous fluorides that applies to plants which do not use dry scrubbing technology. However, approval of the new 111(d) standard does not exempt a source from compliance with any applicable NSPS requirements.

**DATES:** To be considered, comments must be received on or before January 2, 1987.

**ADDRESSES:** Written comments should be addressed to Janet Hayward of EPA



Regions IV's Air Programs Branch (see Region IV address below). Copies of the State's submittal are available for review during normal business hours at the following locations:

Environmental Protection Agency,  
Region IV Office, Air Programs  
Branch, 345 Courtland Street NE.,  
Atlanta, Georgia 30365

Kentucky Department of Environmental  
Protection, Division of Air Pollution  
Control, 18 Reilly Road, Building #2,  
Fort Boone Plaza, Frankfort, KY 40601.

**FOR FURTHER INFORMATION CONTACT:**  
Janet Hayward of the EPA Region IV Air  
Programs Branch, at the above address  
and following phone: 404/347-3286 or  
FTS 257-3286.

**SUPPLEMENTARY INFORMATION:** EPA approved Kentucky's original plan for controlling fluoride emissions from existing primary aluminum reduction plants on May 26, 1982 (47 FR 22955). The original plan included emission limits for existing aluminum reduction plants which use either wet scrubbing or dry scrubbing technology. Only one plant, National Southwire Aluminum (NSA), used wet scrubbing, and it was required to meet both a gaseous fluoride limitation as well as a particulate limitation on emissions from their primary control system stack. The company is presently using a combination of multicyclones, electrostatic precipitators (ESPs) and wet scrubbers to meet those emission limitations.

Due to the control costs associated with running the wet scrubbers, NSA asked the State of Kentucky to revise the gaseous fluoride emission limitation applicable to their plant so that they could cease operating the scrubbing system and still comply with State 111(d) regulations. Kentucky changed their regulations to meet NSA's request. This 111(d) plan revision was submitted to EPA for approval on April 3, 1986.

Kentucky's plan revision included changes to air pollution regulation 401 KAR 61:165 (existing primary aluminum reduction plants). These changes are described as follows:

- A new paragraph (2) was added to 401 KAR 61:165, section 1 (Applicability). This new paragraph provides that certain changes in potroom groups "shall not be a modification." The apparent intent of this provision is to exempt such changes from EPA's new source performance standards (NSPS) for primary aluminum reduction plants, 40 CFR 60.190 et seq.

The application of NSPS to sources is outside the scope of this rulemaking, which deals only with the State's plan for designated facilities under section

111(d). EPA therefore proposes to take no action on 401 KAR 61:165, Section 1, Paragraph (2). Interested persons should note, however, that EPA's approval of Kentucky's 111(d) plan would not exempt sources from compliance with any applicable NSPS requirements.

- 401 KAR 61:165, section 2 (Definitions) was revised to delete the definition of "wet scrubbing plant." Since the State has renamed such plants as "primary aluminum reduction plants other than dry scrubbing plants," and there are only two types of primary aluminum reduction plants in the State, this definition is no longer needed.

- The wording of sections 3, 4, 5, and 6 of 401 KAR 61:165 was also revised. Every time the words "wet scrubbing plant primary control system" appeared, they were replaced with "primary aluminum reduction plant other than a dry scrubbing plant." This change was made because the definition of "wet scrubbing plant" has been deleted. The changes are approvable because there are only two existing primary aluminum reduction plants in the State, National Southwire and one which uses dry scrubbing technology.

- 401 KAR 61:165, section 7 (Test Methods and Procedures) was revised to clarify that a dry scrubbing plant is being addressed by the rule.

- Section 4 of 401 KAR 61:165 (Standard for Fluoride) was revised to change the gaseous fluoride emission limit (that applies to NSA) from 1.0 pounds per ton of aluminum produced (lb/ton Al) to 290 pounds per hour (lb/hr). This new limit corresponds to 13.18 lb/ton Al, which is thirteen times the original limit. Approval of this new limit would allow the release of an additional 1,174 tons of gaseous fluorides per year into the atmosphere. NSA has shown through economic figures and ambient data that this new limit is approvable. Under § 111(d) of the Clean Air Act and 40 CFR Part 60, states are given substantial flexibility in developing plans for existing primary aluminum plants, and are permitted to relax limits if the new limits are justified by economic, technical or other related criteria.

National Southwire submitted data to show that, aside from running the scrubbers, they are spending \$14.25/ton Al per year to control fluoride emissions. This cost figure exceeds the expected control costs in EPA's guideline document (EPA 450/2-78-049b) by \$9.25/ton Al per year. The operation of the scrubbers would cost NSA an additional \$10.48/ton Al per year.

Since without the scrubbers, NSA is already spending over and above what

is expected for controlling total fluoride emissions, the new limit of 290 lb/hr is reasonable. The existing system (multicyclones and ESPs) without the scrubbers will continue to provide substantial fluoride removal.

NSA submitted monitoring data to show that ambient gaseous fluoride concentrations would not increase as a result of the new emission limit. Dispersion modeling was also performed for the plant to show that ambient concentrations will not exceed certain welfare-related threshold concentrations. Although section 111(d) of the Clean Air Act does not establish any ambient standards, this modeling does provide an indication of the insignificant environmental effects of this 111(d) plan revision.

- 40 KAR 61:165, section 4, was also revised to specify a minimum stack height for NSA's primary control system. This height of 400 feet was included in the regulation solely to ensure that NSA will not use a lower stack.

All of the above changes to 401 KAR 61:165 are approvable as revisions to the Kentucky 111(d) plan except for the "modification" provisions of section 1, paragraph (2).

Further details describing the economic and technical justification of this 111(d) plan revision are contained in the technical support document, which is available for public inspection at EPA's Regional Office in Atlanta, Georgia.

#### Proposed Action

EPA is proposing to approve Kentucky's 111(d) plan revision for primary aluminum plants which was submitted on April 3, 1986, except for the revision to 401 KAR 61:165, section 1, on which EPA is proposing to take no action.

All interested persons are invited to submit written comments on the proposed actions. After reviewing all comments submitted, the Administrator of U.S. EPA will publish the Agency's final action in the Federal Register.

Under 5 U.S.C. 605(b), the Administrator has certified that 111(d) approvals do not have a significant economic impact on a substantial number of small entities. (See 46 FR 8709.)

Under Executive Order 12291, today's action is not "Major." It has been submitted to the Office of Management and Budget (OMB) for review.

#### List of Subjects in 40 CFR Part 62

Air pollution control, Fluoride, Aluminum.

Authority: 42 U.S.C. 7401-7642.



Dated: June 23, 1986.

Jack E. Ravan,  
Regional Administrator.

[FR Doc. 86-27029 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### 40 CFR Part 799

[OPTS-42082A; FRL-3121-8]

### Toxic Substances; 1,1-Dichloroethylene; Proposed Test Rule; Extension of Comment Period

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule; extension of comment period.

**SUMMARY:** EPA is extending the comment period for the proposed rule on 1,1-dichloroethylene published in the Federal Register of August 12, 1986. The extension responds to a request by the Chemical Manufacturers Association (CMA) for additional time for comment.

**DATES:** Written comments on the proposed rule should be submitted on or before January 15, 1987. Requests to make oral comments at a public meeting have already been submitted to the Agency, and a meeting will be held on February 12, 1987.

**ADDRESS:** Submit written comments, identified by the document control number [OPTS-42082A], in triplicate to: TSCA Public Information Office (TS-793), Office of Pesticides and Toxic Substances, Environmental Protection Agency, Rm. NE-G004, 401 M St. SW., Washington, DC 20460.

The public record supporting this action is available for inspection in Rm. NE-G004 at the above address from 8 a.m. to 4 p.m., Monday through Friday, except legal holidays.

The meeting will be held at EPA headquarters, 401 M St., SW., Washington, DC in Rm. NE-103 from 1-4 p.m.

**FOR FURTHER INFORMATION CONTACT:** Edward A. Klein, Director, TSCA Assistance Office (TS-799), Office of Toxic Substances, Rm. E-543, 401 M St. SW., Washington, DC 20460, Phone: (202) 554-1404.

**SUPPLEMENTARY INFORMATION:** EPA issued a proposed rule on 1,1-dichloroethylene, published in the Federal Register of August 12, 1986 (51 FR 28840). CMA has requested a 90-day extension of the comment period because of the large amount of existing toxicity data to review. The Agency has agreed to this request and extends the end of the comment period from October 14, 1986, to January 15, 1987. A public meeting will be held on February 12,

1987; active participation will be limited to those persons who arrange to present comments and to designated EPA participants.

**Authority:** 15 U.S.C. 2603.

Dated: November 21, 1986.

Charles L. Elkins,

Director, Office of Toxic Substances.

[FR Doc. 86-27034 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

#### 50 CFR Part 222

### Public Meeting on Proposed Regulations Governing Approaching Humpback Whales in Hawaiian Waters

**AGENCY:** National Marine Fisheries Service (NMFS), NOAA, Commerce.

**ACTION:** Announcement of public hearing.

**SUMMARY:** On November 24, 1986 (51 FR 42271) the NMFS published a proposed rule that would establish a distance limit for approaching humpback whales in Hawaiian waters. The purpose of this notice is to announce the location of the public hearing referenced in the proposed rule.

**DATE:** The hearing will be held at 7:00 p.m. Monday, December 15, 1986.

**ADDRESS:** The hearing will be held at the Lahaina Civic Center, 1840 Honoapiilani Hwy, Lahaina, Maui, Hawaii.

**FOR FURTHER INFORMATION CONTACT:** Eugene T. Nitta, Western Pacific Program Office, Southwest Region, National Marine Fisheries Service, P.O. 3830, Honolulu, HI 96812, Telephone (808/955-8831), or James H. Lecky, Southwest Region, National Marine Fisheries Service, 300 South Ferry Street, Terminal Island, CA 90731, Telephone (213/514-6199). Copies of the proposed rule and environmental assessment are available from these offices.

**SUPPLEMENTARY INFORMATION:** The purpose of the public hearing is to obtain public comments on the proposed rule (51 FR 42271, November 24, 1986). The proposed rule would not allow vessels or people to approach closer than 100 yards to a humpback whale or aircraft to approach humpback whales closer than 1000 feet. The rule is being proposed to reduce the level of disturbance experienced by humpback whales while on their calving and mating grounds in Hawaii. The public comment period for the proposed rule ends on December 24, 1986. Written

comments may be submitted to E.C. Fullerton, Regional Director, Southwest Region, National Marine Fisheries Service, 300 South Ferry Street, Terminal Island, CA 90731 through that date.

Dated: November 26, 1986.

James E. Douglas, Jr.

Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service.

[FR Doc. 86-27081 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-22-M

#### 50 CFR Parts 611, 672, and 675

[Docket No. 61113-6213]

### Foreign Fishing, Groundfish of the Gulf of Alaska, Groundfish of the Bering Sea and Aleutian Islands

**AGENCY:** National Marine Fisheries Service (NMFS), NOAA, Commerce.

**ACTION:** Notice of proposed 1987 initial specifications for groundfish; request for comments.

**SUMMARY:** NOAA proposes 1987 initial apportionments of optimum yields for each category of groundfish in the Gulf of Alaska, and initial specifications of total allowable catches and initial apportionments for each category of groundfish in the Bering Sea and Aleutian Islands Area. This action is necessary to provide the public with the Secretary of Commerce's (Secretary) preliminary determination of the initial apportionments, and to obtain public comment on the appropriateness of those apportionments. On the basis of comments received, and after consultation with the North Pacific Fishery Management Council (Council), the Secretary will make 1987 initial apportionments providing for proper and full utilization of the groundfish resources.

**DATE:** Comments are invited until January 2, 1987.

**ADDRESS:** Comments should be sent to Robert W. McVey, Director, National Marine Fisheries Service, P.O. Box 1668, Juneau, Alaska 99802.

**FOR FURTHER INFORMATION CONTACT:** William L. Robinson (Chief Fisheries Management Division, NMFS, 907-586-7229).

**SUPPLEMENTARY INFORMATION:**

#### Background

Optimum yields (OYs) for groundfish species in the Gulf of Alaska are established by the Fishery Management Plan (FMP) for Groundfish of the Gulf of Alaska. This FMP was developed under



the Magnuson Fishery Conservation and Management Act (Magnuson Act) and is implemented by rules appearing at 50 CFR 611.92 and Part 672. Total Allowable Catches (TACs) in the Bering Sea and Aleutian Islands Area are established for groundfish species by the FMP for the Bering Sea and Aleutian Islands Area. This FMP was also developed under the Magnuson Act and is implemented by rules appearing at 50 CFR 611.93 and Part 675. The sum of the TACs for all species must fall within the established OY range for these species of 1.4-2.0 million metric tons (mt).

The OYs and TACs are apportioned initially among domestic annual processing (DAP), joint venture processing (JVP), reserves, and total allowable level of foreign fishing (TALFF) for each species under §§ 611.92 and 672.20(a)(2) for the Gulf of Alaska and under §§ 611.93 and 675.20 (a)(4) and (5) for the Bering Sea and Aleutian Islands Area. DAP amounts are intended for harvest by U.S. fishermen for delivery and sale to U.S. processors. JVP amounts are intended for joint ventures in which U.S. fishermen deliver their catches to foreign processors at sea. The reserves for the Gulf of Alaska are 20 percent of the OY for each species category. These amounts are set aside for possible reapportionment to DAP, and/or to JVP if the initial apportionments prove inadequate. The reserve for the Bering Sea and Aleutian Islands Area is a single, nonspecific amount, equal to the sum of 15 percent of the TAC for each species category. This reserve may also be reapportioned to DAP and/or to JVP. Reserves which are not reapportioned to DAP or JVP may be reapportioned to TALFF at any time during the year.

Under §§ 611.92, 611.93, 672.20(a), and 675.20(a)(4) the initial amounts of DAP and JVP will be determined each year by the Director, Alaska Region, NMFS (Regional Director). The DAP and JVP amounts must equal the actual DAP and JVP of the previous year plus any additional amounts the Regional Director projects will be used by the U.S. fishing industry during the coming fishing year, not to exceed the OY.

These additional amounts will reflect as accurately as possible the projected increases in U.S. processing and harvesting capacity and the extent to which U.S. processing and harvesting will occur during the coming year. These projections will be based upon the latest reliable information that is available, including industry surveys, market data, and stated intentions by representatives for the U.S. fishing industry.

The Council reviewed preliminary information about the status of stocks in both management areas. This information was presented to the Council and its Advisory Panel and Scientific and Statistical Committee by the Council's Plan Teams during the September 24-26, 1986, Council meeting.

#### Gulf of Alaska

The apportionments of the OYs proposed in Table 1 are inconsistent with the OYs currently in the FMP. The apportionments proposed here are based on the target quotas (TQs) for each species category recommended by the Council for the 1987 fishing year. TQs is a new term, synonymous with TACs in the Bering Sea and Aleutian Islands FMP, proposed by the Council as part of its Gulf of Alaska FMP Amendment 15. The Council approved Amendment 15 at its September 24-27, 1986 meeting for submission to the Secretary for review under Section 304 of the Magnuson Act. Amendment 15 would replace the OY specification for each groundfish species category with a single multi-species OY range (116,000-800,000 mt) with TQs for each individual species category. The sum of the species TQs must fall within the OY range. The purpose of the amendment is to allow the Council and the Secretary to adjust the harvests of each species category annually, without FMP amendment, consistent with the most recent scientific information on the status of groundfish stocks as adjusted to take into account socioeconomic factors. For consistency, the reserves shown in Table 1 are calculated from the TQ amounts rather than the OYs as required by current regulations.

The Secretary is publishing the TQs and their apportionments among DAP,

JVP, TALFF, and reserves at this time to be consistent with the Council's proposed target quotas that it has adopted at its September meeting and which it has submitted to the public for comment. To publish apportionments on the basis of 1986 OYs would provide wrong and therefore misleading information to the public, which would only result in confusion. However, by doing so the Secretary is not endorsing or in any way giving preliminary approval of this part of Amendment 15.

The amounts of DAP and JVP shown in Table 1 reflects amounts proposed to be adopted by the Council and which the Council has also submitted to the public for review and comment. The Council has proposed zero (0) TALFF for the Gulf of Alaska because (1) certain species are expected to be fully utilized by U.S. fishermen, (2) the TQs for some species are reduced to restrict bycatches of Pacific halibut, or (3) the depressed condition of certain stocks requires harvesting at less than the recommended Acceptable Biological Catch (ABC) level. The reserve for certain species is recommended to be zero (0) to reflect that those species are fully utilized by domestic (DAP) fishermen and that all reserves for those species should be released at the beginning of the fishing year.

The JVP apportionments in Table 1 are also zero (0) for certain species categories reflecting full utilization of these stocks by DAP fisheries. For JVP harvests of other groundfish species to occur, however, small amounts of these species must be provided for bycatch. In 1986, the Secretary provided prohibited species catch limits (PSCs) for JVP fisheries of 235 metric tons (mt) for Pacific Ocean perch and 50 mt for rockfish by emergency rule (51 FR 17632, May 14, 1986). Amendment 15 will similarly provide the Secretary with authority to establish annual PSCs for JVP and TALFF fisheries in amounts necessary to provide a bycatch in target fisheries for other groundfish species. Comments are invited on the appropriate amounts that might be needed for bycatches.



TABLE 1.—PRELIMINARY ABCs, TQs, DAPs, JVPs, AND TALFFs OF GROUND FISH (METRIC TONS) FOR THE WESTERN/CENTRAL (W/C), WESTERN (W), CENTRAL (C), AND EASTERN (E) REGULATORY AREAS AND IN THE WEST YAKUTAT (W/YK), SOUTHEAST OUTSIDE (SEO), EAST YAKUTAT (E/YK), AND CENTRAL SOUTHEAST OUTSIDE (CSEO) DISTRICTS, AND IN ALL OF THE GULF OF ALASKA (G-W)

| Species  | OY       | 1987               |                    |               |                    |               |          |
|--|----------|--------------------|--------------------|---------------|--------------------|---------------|----------|
|  |          | ABC                | TQ                 | Reserve       | DAP                | JVP           | TALFF    |
| Pollock:   |          |                    |                    |               |                    |               |          |
| W/C.....   | 100,000  | 97,000             | 97,000             | 19,400        | 28,000             | 49,600        | 0        |
| E.....   | 16,600   | 16,600             | 16,600             | 3,320         | 1,841              | 11,439        | 0        |
| Pacific cod:   |          |                    |                    |               |                    |               |          |
| W.....   | 29,951   | 33,750             | 29,951             | 5,990         | 23,817             | 144           | 0        |
| C.....   | 33,049   | 70,000             | 33,049             | 6,610         | 24,826             | 1,613         | 0        |
| E.....   | 12,000   | 21,250             | 12,000             | 2,400         | 9,600              | 0             | 0        |
| Flounders:   |          |                    |                    |               |                    |               |          |
| W.....   | 5,360    | 54,400             | 6,900              | 1,380         | 5,448              | 72            | 0        |
| C.....   | 5,000    | 244,800            | 22,500             | 4,500         | 16,740             | 1,260         | 0        |
| E.....   | 4,020    | 40,800             | 600                | 120           | 480                | 0             | 0        |
| Pacific ocean perch:                                 |          |                    |                    |               |                    |               |          |
| W.....   | 1,316    | 2,800              | 1,316              | 0             | 1,316              | 0             | 0        |
| C.....   | 1,511    | 3,300              | 1,511              | 0             | 1,511              | 0             | 0        |
| E.....   | 875      | 4,400              | 875                | 0             | 875                | 0             | 0        |
| Sablefish:   |          |                    |                    |               |                    |               |          |
| W.....   | 2,850    | 3,800              | 3,800              | 0             | 3,800              | 0             | 0        |
| C.....   | 6,150    | 8,200              | 8,200              | 0             | 8,200              | 0             | 0        |
| W/Yk.....  | 2,550    | 3,400              | 3,400              | 0             | 3,400              | 0             | 0        |
| E/Yk.....  | 1,104    | <sup>2</sup> 4,600 | <sup>2</sup> 4,600 | 0             | <sup>2</sup> 4,600 | 0             | 0        |
| SEO.....   | 2,346    |                    |                    |               |                    |               |          |
| Atka mackerel:                                       |          |                    |                    |               |                    |               |          |
| W.....   | 4,678    | 0                  | 250                | 50            | 100                | 100           | 0        |
| C.....   | 500      | 0                  | 250                | 50            | 100                | 100           | 0        |
| E.....   | 100      | 0                  | 100                | 20            | 40                 | 40            | 0        |
| Other Rockfish:                                      |          |                    |                    |               |                    |               |          |
| CSEO.....  | 600      | 600                | 600                | 0             | 600                | 0             | 0        |
| G-W.....   | 4,400    | 2,100              | 2,100              | 0             | 2,100              | 0             | 0        |
| Thornyhead:  |          |                    |                    |               |                    |               |          |
| G-W.....   | 3,750    | 3,750              | 3,750              | 750           | 1,500              | 1,500         | 0        |
| Squid:   |          |                    |                    |               |                    |               |          |
| G-W.....   | 5,000    | 5,000              | 5,000              | 1,000         | 2,000              | 2,000         | 0        |
| Other Species:                                       |          |                    |                    |               |                    |               |          |
| G-W.....   | 12,186   |                    | 12,718             | 2,544         | 5,087              | 5,087         | 0        |
| <b>Total.....</b>                                    |          |                    | <b>267,070</b>     | <b>48,134</b> | <b>145,981</b>     | <b>72,955</b> | <b>0</b> |
| Predicted Halibut:                                   |          |                    |                    |               |                    |               |          |
| Catch: <sup>3</sup>                                  | 5,666 mt |                    |                    |               |                    |               |          |
| Mortality: <sup>3</sup>                              | 2,933 mt |                    |                    |               |                    |               |          |
| Proposed 1987 Halibut PSC Mortality Limit: 2,000 mt. |          |                    |                    |               |                    |               |          |

<sup>1</sup> The Reserves equal 20 percent of the TQ.

<sup>2</sup> Southeast Outside and East Yakutat Areas are combined.

<sup>3</sup> Given the above groundfish harvests and apportionments.

The Council's Gulf of Alaska Plan Team's stock status report and 1987 recommendations are summarized as follows:

**Pollock**—The biomass dropped to 470,000 mt in 1986, the lowest value since the hydroacoustic surveys began in 1981. An increasing trend in biomass is projected for the next several years primarily due to a strong 1984 year class. The Plan Team recommended an ABC for the Western/Central Area of 77,000 mt to 97,000 mt using a 14 percent exploitation rate on a projected biomass of 550,000 mt to 690,000 mt. The Council may also recommend a TQ of 50,000 mt in the area outside of Shelikof Strait

between February 15 and April 15, as occurred in 1986, to encourage an exploratory fishery for pollock stocks that do not spawn in Shelikof Strait. No change is recommended for the Eastern Area where the recommended harvest remains 16,600 mt.

**Pacific cod**—The ABC is estimated to be at the MSY value of 125,000 mt. In previous years, the OY has been set low to reduce catches of Pacific halibut. The recommended distribution of the 1978 ABC among the Western, Central, and Eastern areas is 33,750 mt, 70,000 mt, and 21,250 mt, respectively.

**Flounder**—The ABC is estimated to be 340,000 mt with a distribution of 54,400

mt to the Western Area, 244,800 mt to the Central Area, and 40,800 mt to the Eastern Area. The stocks are in good condition due to high biomass and relatively low exploitation rates. In previous years, the OY has been significantly reduced to limit catches of Pacific halibut.

**Pacific ocean perch**—The condition of Pacific ocean perch remains depressed. The TQ should be set no higher than the 1986 OY level of 3,702 mt to continue rebuilding.

**Sablefish**—The Plan Team recommended an ABC of 25,000 mt. The Council's Scientific and Statistical



Committee (SSC) recommended an ABC range of 20,000 mt to 25,000 mt. The distribution of the ABC among the Regulatory areas should not differ greatly from the 1986 distribution.

**Atka mackerel**—The Atka mackerel stock continues to decline. The Plan Team recommended that the ABC be set to allow only for bycatches in other fisheries. The SSC recommended the ABC be set at zero (0) consistent with the Council's definition of ABC.

**Other Rockfish**—Because of the extreme longevity of many rockfish species and the decline of catches in some areas, the MSY is assumed to be low. Although no estimate of ABC was available, the Plan Team recommended that harvests should not exceed 600 mt for the Central Southeast Outside Area and 2,100 mt for the remainder of the Gulf of Alaska.

**Thornyhead rockfish**—Although the Plan Team was unable to determine an ABC for this species, relative abundance has declined 53 percent since 1980. The Team recommended a harvest at the current 3,750 mt which will keep the exploitation rate below 5 percent.

**Squid**—No information is available to warrant changing the status of squid.

**Other species**—FMP procedures define that OYs for this group be set at 5 percent of the sum of OYs established for the other species categories.

Section 672.20(e) of the regulations provides a framework procedure for specifying PSC limits for Pacific halibut. Although the Council is not proposing specific Pacific halibut PSC limits for any specific fishery or class of vessel for 1987, it has expressed its intent that the total Pacific halibut bycatch mortality for all commercial groundfish fisheries conducted in the Gulf of Alaska not exceed an estimated 2,000 mt. Because the sum of the proposed TQs for all species categories and the apportionments shown in Table 1 are estimated to result in a total Pacific halibut mortality of 2,933 mt, the Council might adjust the TQs and apportionments for certain species, particularly Pacific cod and flounders, to result in a total estimated mortality of Pacific halibut of approximately 2,000 mt.

#### Bering Sea and Aleutian Islands Area

The Council will consider the changes in TACs and apportionments of TACs shown in Table 2 at its December, 1986 meeting. These amounts are subject to adjustment by the Regional Director following consultation with the Council prior to his making a final determination of the initial 1987 TACs and apportionments.

TABLE 2.—PRELIMINARY TACs AND APPORTIONMENTS (MT) OF GROUND FISH IN 1987 FOR THE BERING SEA (BS) AND THE ALEUTIAN ISLANDS (AI) AREA.

| Species                      | 1987 TAC  | Initial TAC <sup>1</sup> | DAP     | JVP       | DAH <sup>2</sup> | TALFF <sup>3</sup> |
|------------------------------|-----------|--------------------------|---------|-----------|------------------|--------------------|
| Pollock:                     |           |                          |         |           |                  |                    |
| BS                           | 1,100,000 | 935,000                  | 101,755 | 750,000   | 851,755          | 83,245             |
| AI                           | 100,000   | 85,000                   | 5,500   | 33,804    | 39,304           | 45,696             |
| POP: <sup>4</sup>            |           |                          |         |           |                  |                    |
| BS                           | 3,000     | 2,550                    | 2,550   | 0         | 2,550            | 0                  |
| AI                           | 11,900    | 10,115                   | 10,115  | 0         | 10,115           | 0                  |
| Rockfish: <sup>4</sup>       |           |                          |         |           |                  |                    |
| BS                           | 550       | 467                      | 467     | 0         | 467              | 0                  |
| AI                           | 1,900     | 1,615                    | 1,615   | 0         | 1,615            | 0                  |
| Sablefish:                   |           |                          |         |           |                  |                    |
| BS                           | 5,000     | 4,250                    | 4,250   | 0         | 4,250            | 0                  |
| AI                           | 5,000     | 4,250                    | 4,250   | 0         | 4,250            | 0                  |
| Pacific cod:                 |           |                          |         |           |                  |                    |
| BSAI                         | 265,000   | 225,250                  | 33,484  | 50,830    | 84,314           | 140,936            |
| Yellowfin sole:              |           |                          |         |           |                  |                    |
| BSAI                         | 187,000   | 158,950                  | 60      | 144,300   | 144,360          | 14,590             |
| Greenland turbot:            |           |                          |         |           |                  |                    |
| BSAI                         | 5,500     | 4,675                    | 4,675   | 0         | 4,675            | 0                  |
| Arrowtooth flounder:         |           |                          |         |           |                  |                    |
| BSAI                         | 33,400    | 28,390                   | 50      | 1,667     | 1,717            | 26,673             |
| Other flatfish: <sup>5</sup> |           |                          |         |           |                  |                    |
| BSAI                         | 159,700   | 135,745                  | 7,247   | 98,850    | 106,037          | 29,648             |
| Rock sole:                   |           |                          |         |           |                  |                    |
| BSAI                         | 70,500    | 59,925                   | 3,199   | 43,638    | 46,847           | 13,088             |
| Other flatfish: <sup>6</sup> |           |                          |         |           |                  |                    |
| BSAI                         | 89,200    | 75,820                   | 4,049   | 55,212    | 59,261           | 16,559             |
| Atka mackerel:               |           |                          |         |           |                  |                    |
| BSAI                         | 30,800    | 26,180                   | 10      | 26,170    | 26,180           | 0                  |
| Squid:                       |           |                          |         |           |                  |                    |
| BSAI                         | 10,000    | 8,500                    | 0       | 100       | 100              | 8,400              |
| Other Species:               |           |                          |         |           |                  |                    |
| BSAI                         | 36,700    | 31,195                   | 295     | 7,000     | 7,295            | 23,900             |
| Total                        | 1,955,450 | 1,662,132                | 176,324 | 1,112,721 | 1,289,045        | 373,087            |

<sup>1</sup> Initial TAC = 0.85 × TAC; Initial Reserve = 293,318 mt.

<sup>2</sup> DAH = DAP + JVP.

<sup>3</sup> TALFF = Initial TAC DAH.

<sup>4</sup> POP refers to the Pacific Ocean Perch complex, and the other rockfish species comprise "Rockfish".

<sup>5</sup> Includes Rock sole.

<sup>6</sup> Without Rock sole.

Several of the TACs proposed in Table 2 are expected to change as a result of additional analysis of biological stock status provided by the Council's Plan Team at the December Council meeting. The most likely changes anticipated at this time in metric tons are as follows:

|                  |      |               |
|------------------|------|---------------|
| Pollock          | BS   | 1,200,000     |
| Pacific Ocean    | BS   | 3,800         |
| Perch            | AI   | 10,800        |
| Pacific cod      | BSAI | 404,000       |
| Greenland turbot | BSAI | 16,500-30,000 |
| Other flatfish   | BSAI | 94,000        |

Table 2 shows zero (0) JVP and TALFF for several species categories where DAP or DAH equals the TAC. The Council is expected to recommend minimal amounts of each species category for either or both JVP or TALFF to allow for bycatches in target fisheries for other groundfish species.

The Bering Sea and Aleutian Islands Area Plan Team's resource assessment and 1986 recommendations are summarized as follows:

**Pollock**—The equilibrium yield (EY) equals 1.1 million mt in the Bering Sea and 100,000 mt in the Aleutian Islands. Ecosystem modeling shows a sustainable catch of 1.1 million mt, and pollock abundance may have passed the low point of a down cycle by 1987. Since the status of stock analysis shows that overall pollock abundance is still relatively high, the Plan Team recommended that the TACs be set equal to the EYs.

**Pacific cod**—Pacific cod was at a historic high level of abundance in 1984, and is projected to be still relatively high in abundance. The ABC for 1987 is projected to be 265,000 mt. The recommended TAC is the same to take maximum advantage of the 1977 year



class while protecting subsequent weaker year classes. However, more recent analysis by the Plan Team now indicates that the Pacific cod stock may be sustained by three relatively strong year classes and the TAC could be as high as 404,000 mt.

**Yellowfin sole.**—Yellowfin sole is at a relatively high level of abundance and catch levels can be set equal to EY (187,000 mt), or higher.

**Turbot.**—One of the two species (Greenland turbot) in the group has been declining in abundance. An intensive fishery for Greenland turbot is not desirable. The Plan Team, in the absence of any indications of significant recruitment, recommended that the ABC for Greenland turbot be set at 5,500 mt to slow down the population decline. Further analysis by the Plan Team, however, may result in an upward revision to between 16,500 and 30,000 mt. The arrowtooth flounder component of the turbot complex is in excellent condition and the TAC can be set equal to the EY (33,400 mt).

**Other flatfish.**—The other flatfish category is still relatively high in abundance. This group can be exploited at the EY level of 159,700 mt. The rock sole component should be separated out for management because it is becoming the subject of directed fishing. The recommended TAC for rock sole is 70,500 mt while the remainder of the flatfish complex is, therefore, 89,200 mt.

**Pacific ocean perch.**—The stocks in both the Bering Sea and Aleutians have remained stable but low for many years. Although the stocks have in the past been substantially higher in abundance, there are doubts whether the stock biomass could be rebuilt to those levels even if catch levels are set lower than EY. Therefore, the Plan Team recommended that TACs should be set at EY, or 3,000 mt in the Bering Sea and 11,900 mt in the Aleutian Islands.

**Other rockfish.**—The other rockfish group is relatively stable in abundance. The Plan Team recommended the TAC be set equal to EY in the Bering Sea (550 mt) and in the Aleutian Islands (1,900 mt).

**Sablefish.**—Sablefish stocks are continuing to recover from the low abundance levels during 1977-80. The Plan Team recommended that TAC be set equal to the EY level of 5,000 mt in both the Bering Sea and Aleutian Islands areas.

**Atka mackerel.**—Abundance of Atka mackerel is declining rapidly as strong year classes pass through the fishery. The Plan Team recommends that TAC equal EY, or 30,800 mt, the same as in 1986.

**Squid.**—The 1987 TAC for squid is conservatively recommended to be 10,000 mt, since the resource is believed to be large.

**Other groundfish.**—The other groundfish group may be exploited at the estimated EY level of 36,700 mt.

Any additional information on the actual plans for harvesting and processing U.S.-caught groundfish will be considered by the Secretary when making his final determination on the initial 1987 apportionments of OYs in the Gulf of Alaska and the initial 1987 TACs and their apportionments in the Bering Sea and Aleutian Islands Area.

#### Other matters

This action is taken under the authority of §§ 611.92(c), 611.93(b), 672.20, and 675.20 and complies with Executive Order 12291.

#### List of Subjects

##### 50 CFR Part 611

Fisheries, Foreign relations.

##### 50 CFR Parts 672 and 675

Fisheries.

Dated: November 26, 1986.

#### Carmen J. Blondin

Deputy Assistant Administrator For Fisheries Resource Management, National Marine Fisheries Service.

[FR Doc. 86-72077 Filed 11-26-86; 4:13 pm]

BILLING CODE 3510-22-M

#### 50 CFR Part 675

##### Groundfish of the Bering Sea and Aleutian Islands

**AGENCY:** National Marine Fisheries Service (NMFS), NOAA, Commerce.

**ACTION:** Notice of availability of an amendment to a fishery management plan and request for comments.

**SUMMARY:** NOAA issues notice that the North Pacific Fishery Management Council (Council) has submitted Amendment 10 to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Islands for review by the Secretary of Commerce

(Secretary), and is requesting comments from the public. Copies of the plan amendment may be obtained from the Council at the address below.

**DATE:** Comments on the plan amendment should be submitted on or before January 22, 1987.

**ADDRESS:** All comments should be sent to Robert McVey, Director, Alaska Region, NMFS, P.O. Box 1668, Juneau, Alaska 99802.

Copies of the amendment and the environmental assessment/regulatory impact review/initial regulatory flexibility analysis (EA/RIR/IRFA) are available upon request from the North Pacific Fishery Management Council, P.O. Box 103136, Anchorage, AK 99510.

**FOR FURTHER INFORMATION CONTACT:** Jay Ginter (Fishery Biologist, National Marine Fisheries Service, Alaska Region), 907-586-7230.

**SUPPLEMENTARY INFORMATION:** The Magnuson Fishery Conservation and Management Act, as amended (16 U.S.C. 1801 et seq.) requires that each fishery management council submit any fishery management plan or plan amendment it prepares to the Secretary for review and approval or disapproval. This act also requires that the Secretary, upon reviewing the plan or amendment, must immediately publish a notice that the plan or amendment is available for public review and comment. The Secretary will consider the public comments in determining whether to approve the plan or amendment.

Amendment 10 proposes: (1) To establish bycatch restrictions for U.S. trawl fishermen in the Eastern Bering Sea; (2) to revise the catch reporting requirements for at-sea processing vessels; (3) to authorize inseason reapportionment among domestic fishermen; and (4) to establish authority to make inseason adjustments to catch quotas and bycatch restrictions.

Regulations proposed by the Council and based on this plan amendment are scheduled to be published within 15 days.

(16 U.S.C. 1801 et seq.)

Dated: November 26, 1986.

Richard B. Roe,

Director, Office of Fisheries Management, National Marine Fisheries Service.

[FR Doc. 86-27076 Filed 11-26-86; 4:16 pm]

BILLING CODE 3510-22-M



# Notices

Federal Register

Vol. 51, No. 231

Tuesday, December 2, 1986

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

## ARMS CONTROL AND DISARMAMENT AGENCY

### Performance Review Board; Membership

**AGENCY:** U.S. Arms Control and Disarmament Agency.

**ACTION:** Notice of membership of Performance Review Board.

**SUMMARY:** In accordance with 5 U.S.C. 4314(c)(4), the U.S. Arms Control and Disarmament Agency announces the appointment of Performance Review Board members.

**EFFECTIVE DATE:** December 5, 1986.

**FOR FURTHER INFORMATION CONTACT:** Cathleen Lawrence, Director of Personnel, U.S. Arms Control and Disarmament Agency, Washington, DC 20451 (202) 647-2034.

The following are the names and present titles of the individuals appointed to the register from which Performance Review Boards will be established by the U.S. Arms Control and Disarmament Agency. Each individual will serve a one year renewable term beginning on the effective date of this notice. Specific Performance Review Boards will be established as needed from this register.

These appointments supersede those in the announcement published at 50 FR 49085 on November 29, 1985.

#### Name and Title

David Emery—Deputy Director  
 Lewis Dunn—Assistant Director, Nuclear and Weapons Control Bureau  
 Manfred Eimer—Assistant Director, Verification and Intelligence Bureau  
 Lynn Hansen—Assistant Director, Multilateral Affairs Bureau  
 Michael Mobbs—Assistant Director, Strategic Programs Bureau  
 Michael Guhin—Counselor  
 William Montgomery—Administrative Director  
 Thomas Graham, Jr.—General Counsel  
 Mary E. Hoinkes—Deputy General Counsel  
 Alison Fortier—Director, Office of Congressional Affairs

Louis Nozenso—Deputy Assistant Director, Strategic Programs Bureau  
 Norman Wulf—Deputy Assistant Director, Nuclear and Weapons Control Bureau  
 William Staples—Executive Secretary  
 Victor Alessi—Division Chief, Strategic Affairs Division, Strategic Programs Bureau  
 R. Lucas Fischer—Division Chief, Theatre Affairs Division, Strategic Programs Bureau  
 Alfred Lieberman—Division Chief, Operations and Analysis Division, Verification and Intelligence Bureau  
 Joerg Menzel—Division Chief, Nuclear Safeguards and Technology Division, Nuclear and Weapons Control Bureau  
 Michael Rosenthal—Division Chief, International Nuclear Affairs Division, Nuclear and Weapons Control Bureau  
 Robert Summers—Division Chief, Verification Division, Verification and Intelligence Bureau  
 William J. Montgomery, Administrative Director.

[FR Doc. 86-26972 Filed 12-1-86; 8:45 am]

BILLING CODE 6820-32-M

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-588-005]

#### High Power Microwave Amplifiers and Components Thereof From Japan; Final Results of Antidumping Duty Administrative Review

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice of final results of antidumping duty administrative review.

**SUMMARY:** On July 11, 1986, the Department of Commerce published the preliminary results of antidumping duty administrative review and tentative determination to revoke the antidumping duty order on high power microwave amplifiers and components thereof from Japan. The review covers one exporter of this merchandise to the United States and the period July 1, 1983 through June 30, 1985. We gave interested parties an opportunity to submit oral or written comments on the preliminary results and tentative determination to revoke. At the request of the petitioner we held a public hearing on August 22, 1986. Based on our review of the comments received, the Department has determined not to revoke the order.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Laurie A. Lucksinger or David P. Mueller, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, DC 20230; telephone: (202) 377-1130/2923.

### SUPPLEMENTARY INFORMATION:

#### Background

On July 11, 1986, the Department of Commerce ("the Department") published in the *Federal Register* (51 FR 25226) the preliminary results of review and tentative determination to revoke the antidumping duty order on high power microwave amplifiers and components thereof from Japan (47 FR 31413, July 20, 1982). The Department has now completed its review and determined not to revoke the order.

#### Scope of the Review

Imports covered by the review are shipments of Japanese high power microwave amplifiers and components thereof. High power microwave amplifiers are radio-frequency power amplifier assemblies, and components thereof, specifically designed for uplink transmission in C, X, and Ku bands from fixed earth stations to communications satellites and having a power output of one kilowatt or more. High power microwave amplifiers may be imported in subassembly form, as complete amplifiers, or as components of higher level assemblies (generally earth stations). This merchandise is currently classifiable under item 685.3277 of the Tariff Schedules of the United States Annotated.

The review covers the one known exporter of Japanese high power microwave amplifiers ("HPAs") and components thereof to the United States, NEC Corporation ("NEC"), and two consecutive periods from July 1, 1983 through June 30, 1985. During the period July 1, 1983 through June 30, 1984, NEC shipped only components. NEC made no shipments to the United States during the period July 1, 1984 through June 30, 1985.

#### Analysis of Comments Received

We gave interested parties an opportunity to submit oral or written comments on the preliminary results and tentative revocation. At the request



of the petitioner, MCL, Inc., we held a public hearing on August 22, 1986.

*Comment 1:* Petitioner questions whether the Department's review of HPA parts NEC sold to the United States and tentative revocation of the order as a result of such review truly indicate that there is no likelihood of resumption of sales at less than fair value of the HPAs subject to the order. Petitioner maintains that NEC must prove to the Department that such sales would not resume if the Department were to revoke the order. A reduced level of exports to the U.S. does not justify finding no likelihood of resumption of sales at less than fair value, particularly since the Department's analyses have covered sales of spare parts, not the major HPA systems on which the International Trade Commission ("ITC") found injury to the domestic industry and the Department found sales at less than fair value. MCL states that HPA systems have a useful life of 10 to 15 years and there have not been many opportunities for bids of these large systems since the original investigation. MCL suggests that since NEC has not been able to price HPAs at less than fair value it has not even bid on HPA contracts. If the Department were to revoke the order there is very little to stop NEC from bidding at less than fair value on the next round of sales. In addition, the market is still similar to that during the investigation in 1981.

NEC maintains that the Department must only determine that there is no likelihood of resumption of sales at less than fair value when the Department initiates a revocation. In this case, NEC requested the revocation after proving through three review periods that NEC had not made any sales at less than fair value. There is no requirement that NEC bear the "burden of proof" as MCL suggests. In addition, NEC submitted a proposed assurance letter. NEC also notes that it has not left the U.S. market as a result of the order and that it has made proposals at competitive and fair value prices but did not win any bids. NEC explains that it made the sales of components and spare parts which the Department reviewed at negotiated prices outside of a preexisting contract.

*Department's Position:* The Department's regulations permit the revocation of a firm from an antidumping duty order if that firm makes no sales at less than fair value to the United States over a two-year period. The two-year period of no sales at less than fair value is a minimum period. The Department can then decide

whether revocation of the order is appropriate.

We note that there is a limited market in the U.S. for the HPA systems and that there may be several years between sales of the systems. NEC has not made any U.S. sales of entire HPA systems since the original antidumping investigation. Our reviews of NEC's sales of spare parts and components are not a sufficient indication of what NEC's prices of complete systems to the United States might be in the future. Because there have been no sales by NEC of the entire HPA systems, which are of much greater sale value than the components, we have decided that we lack information to determine whether there is no likelihood of resumption of sales of complete systems at less than fair value.

*Comment 2:* MCL argues that the Department should have additional adjustments to the U.S. price in sales of components in the period July 1, 1983 through June 30, 1984. Warehousing and trade service costs as well as U.S. import duties should be deducted from the U.S. price.

*Department's Position:* The sales under consideration were made before exportation to the United States and are considered purchase price sales. Warehousing and trade service costs and U.S. import duties were not included in the price of the merchandise, so such deductions are not appropriate.

*Comment 3:* Petitioner asserts that the Department should include the general, selling, and administrative expenses of NEC America ("NECAM") in its constructed value calculation. In the original antidumping investigation the Department recognized the selling and technical roles of NECAM in sales of the subject merchandise to the United States. MCL argues that since NECAM arranges sales for NEC and handles the sales, NECAM's expenses should be included in the Department's constructed value calculations.

*Department's Position:* As described in our position to Comment 2, the sales in this review were purchase price sales and the terms of the sale were F.O.B. Japan. We have not information which indicates that NECAM incurred expenses associated with these sales and have therefore not included such expenses in our calculations of constructed value.

Petitioner made additional comments on issues such as verification and the adequacy of the revocation agreement which were all related to our tentative decision to revoke the order. These comments are no longer relevant since we have decided not to revoke the order.

#### *Final Results of the Review*

After review of the comments the Department finds no dumping duties due on sales of HPA components during the review period. We have decided not to revoke the antidumping duty order on high power microwave amplifiers and components thereof. We do not have adequate information on NEC's sales to the U.S. of high power microwave amplifier systems since the original antidumping investigation to indicate that there is no likelihood that NEC will make sales of the entire system at less than fair value. Therefore, we determine that a revocation of the order is not appropriate.

The Department shall instruct the Customs Service not to assess antidumping duties on all appropriate entries. Further, the Department shall not require a cash deposit of estimated antidumping duties, as provided for in section 751(a)(1) of the Tariff Act, on shipments of Japanese high power microwave amplifiers and components thereof entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 353.53a of the Commerce Regulations (19 CFR 353.53a (1986)).

Dated: November 25, 1986.

Gilbert B. Kaplan,

*Deputy Assistant Secretary Import Administration.*

[FR Doc. 86-27090 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-428-603]

#### **Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From the Federal Republic of Germany; Final Determination of Sales at Less Than Fair Value**

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** We have determined that mirrors in stock sheet and lehr end sizes from the Federal Republic of Germany (FRG) are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the FRG that are entered, or withdrawn from warehouse, for



consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:**

Francis Crowe (202-377-4087), or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

**SUPPLEMENTAL INFORMATION:**

**Final Determination**

We have determined that mirrors in stock sheet and lehr end sizes from the FRG are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

**Case History**

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the FRG are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15934, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from FRG are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850; May, 1986).

On May 22, 1986, we presented questionnaires to counsel for Flabeg GmbH and Vereinigte Glaswerke GmbH (Vegla) since we had information indicating that they accounted for virtually all of the exports to the United States during the period of the investigation. An extension of time in

which to respond was granted, and, on July 11, 1986, we received a questionnaire response from Flabeg. Vegla did not respond.

On September 8, 1986, we made an affirmative preliminary determination (September 12, 1986, 51 FR 32511). Our notice of preliminary determination provided interested parties with an opportunity to submit views orally or in writing. We held a public hearing on October 28, 1986.

**Scope of Investigation**

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on virtually all of the sales of the product during the period of investigation, November 1, 1985 through April 30, 1986.

**Fair Value Comparisons**

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Since Vegla did not respond, we based its United States price and foreign market value on the best information available in accordance with section 776(b) of the Act.

**United States Price**

As provided for in section 772(b) of the Act, we based Flabeg's United States price on purchase price because its mirrors were sold to unrelated purchasers in the United States prior to importation. We made deductions from F.O.B., C.I.F. or C.I.F. duty paid prices, as appropriate, for various discounts, ocean freight, marine insurance, customs duties, and foreign inland freight.

Since Vegla did not respond, we based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We used import data during a period lagged two months from the period of investigation to approximate sales during that period based on knowledge of the industry and delays in statistical reporting.

**Foreign Market Value**

In accordance with section 773(a)(1)(A) of the Act, we based Flabeg's foreign market value on home market prices since there were sufficient sales in the home market. Petitioner alleged that the home market sales were at prices which represent less than the cost of producing the mirrors over an extended period of time and at prices which would not permit the recovery of all costs within a reasonable period of time. We determined the cost of production on the basis of the cost of materials, fabrication and general expenses. Our adjustments to Flabeg's submitted cost of production were:

- The cullets used in the production of the float glass which were recovered from the float glass line were valued at the cost of the materials replaced. The remaining cullets which were used, resulting from other manufacturing processes, were valued at the amount charged to the float glass line.
- The financial depreciation between the two production lines was adjusted to the same proportion as the replacement cost depreciation recorded in the cost accounting records.
- General and administrative expenses of the parent, Flachglas AG, were allocated to Flabeg, because Flabeg is owned by Flachglas.

We found that all sales by Flabeg were at prices above the cost of production and, therefore, used those sales in our comparisons.

We made deductions, where appropriate, from home market delivered prices for various discounts and inland freight. We made an adjustment for differences in circumstances of sale in accordance with § 353.15 of our regulations for differences in credit terms between the two markets. We also adjusted for differences in commissions between the two markets or offset, where appropriate, a commission given in one market with selling expenses incurred in the other market in accordance with § 353.15 of our regulations. We used discounted sales in the home market for comparison with sales in the United States at comparable quantities in accordance with § 353.14 of our regulations. We made comparisons of "such or similar" merchandise based on considerations of grade, thickness, and color of the particular mirrors involved. Lastly, we deducted home market packing costs and added U.S. packing costs.

For Vegla, we based foreign market value on the constructed value in the petition.



Pursuant to § 353.56 of Commerce's regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

#### Verification

As provided in section 776(a) of the Act, we verified all information provided by Flabeg by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

#### Petitioner's Comments

*Petitioner's Comment 1.* Petitioner argues that Flabeg and its parent company, Flachglas, are related parties as defined in section 773(e)(3) of the Act. As such, it argues that purchases of glass by Flabeg from Flachglas represent transfer prices between separate entities. It states that the Department, when it determines the cost of production of mirrors, is required to compare these transaction prices to arms length, market prices to determine whether the transactions occur at prevailing commercial values. The petitioner states further that Flabeg failed to provide data regarding market prices for float glass and the Department failed to corroborate whether the transfer prices for float glass are a proper measure of the cost of the glass. For these reasons, and because petitioner asserts that the transfer prices for float glass were below the market price of float glass sold in Germany, it states that the Department should use the prices of float glass supplied in the petition or the best information otherwise available in its determination of Flabeg's cost of production for mirrors.

*DOC Response.* We disagree. Section 773(e) of the Act is applicable to constructed value determinations of foreign market value and is not directly applicable to the calculation of cost of production pursuant to section 773(b).

In this case, Flachglas AG and Flabeg operate as a single economic unit. Flachglas owns 100 percent of Flabeg. All costs and profits are ultimately shared. Accordingly, "profit" on transactions between the two is not an actual cost incurred by the corporations as a whole. Therefore, in valuing float glass for purposes of our cost of production calculation, we used Flachglas' actual costs.

*Petitioner's Comment 2.* Petitioner argues that plant overhead and depreciation costs should not be arbitrarily allocated to two production lines on a 50/50 basis but should be

allocated according to the actual production of the lines.

*DOC Response.* For financial depreciation, we have determined that these costs should be allocated to the two production lines in the same proportion as the replacement cost depreciation recorded in the cost accounting records for the specific production line. However, we have continued to allocate certain plant overhead costs on a 50/50 basis. These costs include raw material batch mix and quality control. The two production lines operate constantly and therefore would require about the same amount of effort in these areas even though the volume of production may be different. Accordingly, we allocated the overhead costs equally to the two production lines.

*Petitioner's Comment 3.* Petitioner states that, rather than assign an internal or fixed price to waste glass, such waste should be valued at the market value of the scrap or at the cost of the raw materials which it replaces.

*DOC Response.* We valued certain waste glass at the cost of the raw materials which it replaces. Refer to the "Foreign Market Value" section of the notice for a discussion of this issue.

*Petitioner's Comment 4.* Petitioner states that any adjustment to foreign market value under § 353.56(b) for fluctuations in exchange rates is inappropriate in the face of sustained, rather than temporary, changes in the value of the dollar versus the German mark.

*DOC Comment.* We agree. An analysis of the certified exchange rates for the period of investigation showed no evidence of temporary fluctuations which would warrant the use of the special rule contained in § 353.56(b). Since Flabeg has not demonstrated that it revised its prices to the United States during the period of investigation, we did not apply the special rule for sustained exchange rate fluctuations.

#### Respondent's Comments

*Respondent's Comment 1.* Flabeg states that only "20 ton" shipments are made to the United States. It argues that because such 20 ton shipments allow for certain savings over shipments of lesser amounts, and that such cost savings are reflected in lower prices for the 20 ton "full-truck" shipments, the Department should compare U.S. sales only to 20 ton sales in the home market.

*DOC Response.* We agree. We compared U.S. sales to sales made in the home market at comparable quantities pursuant to section 353.14 of our regulations.

*Respondent's Comment 2.* Flabeg argues that it incurs certain expenses for sales to wholesalers in the home market that are not incurred on sales to German exporters who, as pre-wholesalers (distributors), assume similar expenses on sales to wholesalers in the United States. Flabeg states that such expenses in the home market, through both related and unrelated sales agents, are reflected in the amount of a commission paid to unrelated sales agents in the home market. It argues that the Department should deduct the commission expense on both related and unrelated sales in the home market when comparing those sales to U.S. sales through German exporters to account for the different levels of trade in the two markets.

*DOC Response.* We have made no level of trade adjustment. Flabeg did not demonstrate that expenses incurred in selling to wholesalers in the home market would not have also been incurred in sales to distributors. Flabeg has neither shown differences in pricing at different levels of trade in the home market nor shown what the differences in selling expenses would be for sales to different levels.

*Respondent's Comment 3.* Flabeg requests that the scope of the investigation be limited to unfinished silvered mirrors 15 square feet or over, not including other coated glass products such as products treated with chrome or copper. It states that the petitioner has consistently referred to silvered products. In addition, Flabeg argues that non-silvered mirrors are not the same "class or kind" as silvered mirrors being produced in separate production facilities and having different end users than silvered mirrors.

*DOC Response.* We have not limited the scope as requested by the respondent. We have determined that silvered mirrors and non-silvered mirrors are the same "class or kind" of merchandise. The only limitation petitioner has placed on such mirrors is the size limitation as noted in the "Scope of Investigation" section of this notice. Moreover, the applicable TSUS numbers do not distinguish mirrors on the basis of the chemical composition of the backing.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the FRG that are entered, or withdrawn



from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The U.S. Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

| Manufacturer/producer/exporter    | Weighted-average margin percentage |
|-----------------------------------|------------------------------------|
| Flabeg GmbH                       | 2.29                               |
| Vereinigte Glaswerke GmbH (Vegla) | 18.19                              |
| All Others                        | 4.51                               |

### ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from the FRG entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,  
November 24, 1986.

[FR Doc. 86-27085 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-475-602]

### Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Italy; Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** We have determined that mirrors in stock sheet and lehr end sizes from Italy are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** William Kane or Charles Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, telephone (202) 377-1766, or 377-5288.

#### SUPPLEMENTAL INFORMATION:

##### Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from Italy are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margin applicable to all exporters is 116.26 percent.

##### Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers in compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36). The petition alleged that imports of the subject merchandise from Italy are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15936, April 29, 1986), and notified the ITC of our action.

On May 13, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Italy are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May 1986).

On June 4, 1986, we delivered a questionnaire to Societa Italiano Vetro, SpA. (S.I.V.), Rome, Italy, believed to be the exporter of over eighty percent of the subject merchandise to the United States, requesting a response within thirty days. No response to our questionnaire was received. On July 14, 1986, we again requested the company to respond, allowing until September 8, 1986, for a complete and accurate response. On August 28, 1986, a telex was received from S.I.V. providing only information regarding the total volume and value of their exports during the period of investigation.

On September 8, 1986, we issued an affirmative preliminary determination (51 FR 32508, September 12, 1986).

On September 25 and 30, 1986, counsel for S.I.V. requested a postponement of our final determination to permit the company to respond to our questionnaire. On October 7, 1986, we denied this request. Since no party to the proceeding requested a public hearing, no such hearing was held.

##### Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS item numbers 544.11 through 544.41 of the *Tariff Schedules of the United States Annotated* (TSUSA), 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as beveling, etching, edging, or framing, classifiable in the TSUSA under item number 544.5400.

The period of investigation is October 1, 1985 through March 31, 1986.

##### Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Because a complete questionnaire response was not received, as discussed above, both United States price and foreign market value were determined as discussed below on the basis of the best



information otherwise available pursuant to section 776(b) of the Act.

#### United States Price

We based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We use import data during a period lagged two months from the period of investigation to approximate sales during that period based on knowledge of the industry, transit time, and delays in statistical reporting.

#### Foreign Market Value

We based foreign market value on prices reported in the petition which were updated to reflect changes in the currency conversion rate. Pursuant to § 353.36 of the Commerce Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

#### Verification

Because a complete questionnaire response was not received, as discussed above, none of the data submitted by the respondent was verified.

*Petitioner's Comment.* Petitioner argues that, because no new information has been received by the agency since the time of the preliminary determination, which could constitute the best information otherwise available, the agency should again use petitioner's data and publicly available import statistics for purposes of the final determination.

*DOC Response.* We agree. Respondent did not submit a complete response in a timely manner, despite our granting a substantial period of time for its submission.

*Respondent's Comment.* Respondent argues that its failure to respond to our questionnaire was due to the company's size and resultant delay of the questionnaire reaching the responsible official. They requested we postpone our final determination to permit them to file a response.

*DOC Response.* The record shows that the company was aware of this proceeding from the outset by inquiries from the Department through the American Embassy, Rome, and our direct communications by telephone, telex and letters to company officials. Despite those requests the company failed to provide a complete response in the extended 9 weeks period allowed. Accordingly, we denied their request for postponement.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet andlehr end sizes from Italy that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

| Manufacturer/producer/exporter                   | Weighted-average margin percentage |
|--|------------------------------------|
| Societa Italiana Vetro, SpA.....                 | 116.26                             |
| All Other Producers/Manufacturers/Exporters..... | 116.26                             |

#### ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or are threatening material injury to, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet andlehr end sizes from Italy entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d).

Paul Freedenberg,

Assistant Secretary for Trade Administration,  
November 24, 1986.

[FR Doc. 86-27086 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-588-603]

#### Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Japan; Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** We have determined that mirrors in stock sheet andlehr end sizes from Japan are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet andlehr end sizes from Japan that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, telephone (202) 377-1769.

#### SUPPLEMENTAL INFORMATION:

##### Final Determination

We have determined that mirrors in stock sheet andlehr end sizes from Japan are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margin applicable to all exporters is 89.59 percent.

##### Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers in compliance with the filing requirements of § 353.36 of the



Commerce Regulations (19 CFR 353.36). The petition alleged that imports of the subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are causing material injury, or threaten material injury, to a United States industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15936, April 29, 1986), and notified the ITC of our action.

On May 13, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Japan are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850, May 1986).

On June 6, 1986, we presented questionnaires to Central Glass Co., Ltd. and Nippon Sheet Glass Co., Ltd., since we had information indicating that they accounted for approximately 73 percent of the exports to the United States during the period of investigation. A two-week extension of response time was granted to both companies on July 1, 1986. On July 21, 1986, we received the narrative and computer tape versions of the responses from both companies. Both of the questionnaire responses were insufficient. Respondents reported only a small portion of home market sales. The responses to many questions on both United States price and home market sales indicated that they were "still under consideration."

Explanations for the calculation of many expense categories were not given. Also, respondents did not submit proper non-proprietary summaries on a timely basis.

Deficiency letters were sent to both respondents on August 11, 1986. Revised and complete responses were due August 15, 1986. Answers to our deficiency letters were not received until September 3, 1986. These responses were still not complete. We allowed until September 8, 1986, for submissions of data.

On September 8, 1986, we issued an affirmative preliminary determination (51 FR 32507, September 12, 1986). Also on September 8, 1986, we received a submission from Central Glass Co., Ltd. containing some third country sales data along with a first-time request from respondents' counsel that we use third country sales for purposes of foreign market value for both companies. This request was based on respondents' allegation that all sales in the home market were to related parties, and, therefore, could not be used as the basis for determining fair value.

Additional data for Nippon Sheet Glass Co., Ltd. was received on September 26, 1986, and for Central Glass Co., Ltd. on October 3, 1986. In our letter of October 14, 1986, we informed respondents that due to the extensions of time granted to them prior to September 8, we would not consider in our investigation any data submitted after that date.

Our preliminary determination provided interested parties with an opportunity to submit views orally or in writing. Accordingly, we held a public hearing on October 16, 1986.

#### Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS item numbers 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as beveling, etching, edging, or framing, classifiable in the *Tariff Schedules of the United States Annotated (TSUSA)* under item number 544.5400.

The period of investigation is October 1, 1985 through March 31, 1986.

#### Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. Because the questionnaire responses were insufficient, both United States price and foreign market value were determined, as discussed below, on the basis of the best information otherwise available pursuant to section 776(b) of the Act.

#### United States Price

We based United States price on a sampling of import statistics as the best information otherwise available. These statistics were refined to approximate the unit value of the portion of the reporting category that best reflects the merchandise under investigation. We used import data during a period lagged three months from the period of investigation to approximate sales during that period based on knowledge of the industry, transit time, and delays in statistical reporting.

#### Foreign Market Value

We based foreign market value on prices reported in the petition which were updated to reflect changes in the currency conversion rate. Pursuant to § 353.56 of the Commerce Regulations, we made currency conversions at the

rates certified by the Federal Reserve Bank.

#### Verification

Because the questionnaire responses were insufficient, as discussed above, none of the data submitted by respondents was verified.

#### Petitioner's Comments

*Petitioner's Comment 1.* Petitioner argues that because no new information has been received by the agency which could constitute the best information otherwise available since the time of the preliminary determination, the agency should again use petitioner's data and publicly available import statistics for purposes of the final determination.

*DOC Response.* We agree. Respondents did not submit complete responses in a timely manner, despite our granting them a total of nine additional weeks for submissions.

*Petitioner's Comment 2.* Petitioner argues that the respondents' request that third country sales be used for foreign market value in our final determination should be denied. Petitioner argues: (1) The agency, not the respondent, is the one to decide which data will be used to determine foreign market value; (2) the existence of related parties in the home market does not mandate the use of third country sales; and (3) respondents' explanation of their system of distribution does not justify their refusal to provide home market sales data.

*DOC Response.* We agree. See the response to Respondents' Comment 1.

*Petitioner's Comment 3.* Petitioner argues that the agency should use the certified daily exchange rates to convert yen figures into U.S. dollars, rather than the special exchange rates requested by the respondents to account for abnormalities in the exchange rates during the period of investigation.

*DOC Response.* We agree. An analysis of the certified exchange rates for the past year has shown that the value of the yen appreciated steadily, with no evidence of temporary fluctuations in the exchange rates which would warrant use of the special rule contained in § 353.56(b) of the Commerce regulations. In addition, respondents have not demonstrated a revision of prices to the United States to offset the changes in exchange rates.

#### Respondents' Comments

*Respondents' Comment 1.* Respondents argue that third country sales data must be used as the basis to calculate foreign market value because there are no unrelated party



transactions upon which to base foreign market value.

**DOC Response.** We disagree. Respondents' allegation that all home market sales were to related customers was not adequately substantiated. If all sales were to related parties, the first sales from related parties to unrelated parties should have been reported.

**Respondents' Comment 2.** Respondents argue that the calculation of United States price should be based on respondents' United States sales information submitted to the Department since the United States price information was complete and presented in a timely manner.

**DOC Response:** We disagree. United States sales information submitted by the respondents was not complete. Respondents failed to answer portions of the questionnaire and to provide sufficient explanations of certain allocations of costs.

**Respondents' Comment 3.** Respondents argue that, if the Department relies on best information otherwise available, United States price cannot be based on the sampling of import statistics used for the preliminary determination. Respondents suggest that the Department use statistics covering all imports under TSUS item numbers 544.11 through 544.41, rather than the selected volumes entering under TSUSA item number 544.5400, which we used for our preliminary determination.

**DOC Response.** We disagree. We feel that the import statistics used are suitable for determining an accurate United States price for the merchandise imported during the period of investigation. We used a sampling of the largest volumes entering under TSUSA item number 544.5400, a basket category including all mirrors over 1 square foot in area. Since the investigation covers only unfinished mirrors 15 square feet in area, and due to the evidence on record that smaller mirrors are sold at higher prices, we determined that the smaller mirrors included in the TSUS item would probably be at higher prices per unit (square foot) than the large mirrors under investigation. Our sampling focused on the largest volumes per port since there is a greater likelihood that these larger shipments would include mainly the products under investigation.

As for the respondents' assertion that we include all merchandise under TSUS item numbers 544.11 through 544.41, we find this to be an unreasonable request since these TSUS numbers cover glass, not mirrors.

**Respondents' Comment 4.** Respondents argue that the Department should take into account the sharp appreciation of the yen during the period

of investigation in making exchange rate conversions.

**DOC Response.** We disagree. See Petitioner's Comment 3.

**Respondents' Comment 5.** Respondents argue that due to the affirmative preliminary determination and a compelling need shown by respondents, the Department should have postponed the final determination.

**DOC Response.** We disagree. If exporters who account for a significant proportion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. In this case, respondents were granted nine additional weeks (i.e., until our preliminary determination) to respond to our questionnaire. Despite repeated extensions, respondents failed to provide either timely or adequate information with respect to their United States and home market sales. Indeed, by September 8, 1986, the date of our preliminary determination, respondents had indicated that no further home market sales information would be provided and, henceforth, third country sales would be reported for use as foreign market value. Based on the foregoing, we determined that it was inappropriate to extend this final determination and that compelling reasons existed which justified our denial of respondents' request. (See Case History section of this notice.)

#### Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr and end sizes from Japan that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the **Federal Register**. The United States Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

| Manufacturer/producer/exporter | Weighted-average margin percentage |
|--------------------------------|------------------------------------|
| Central Glass Co., Ltd.        | 89.59                              |
| Nippon Sheet Glass Co., Ltd.   | 89.59                              |

| Manufacturer/producer/exporter        | Weighted-average margin percentage |
|---------------------------------------|------------------------------------|
| All Producers/Manufacturers/Exporters | 89.59                              |

#### ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or are threatening material injury to a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from Japan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market values exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d).

Paul Freedenberg,  
Assistant Secretary for Trade Administration,  
November 24, 1986.

[FR Doc. 86-27087 Filed 12-01-86; 8:45 am]  
BILLING CODE 3510-DS-M

[A-471-601]

#### Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From Portugal; Final Determination of Sales at Less Than Fair Value

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.



**SUMMARY:** We have determined that mirrors in stock sheet and lehr end sizes from Portugal are being, or are likely to be, sold in the United States at less than fair value. The United States International Trade Commission (ITC) will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or threatening material injury to, a United States industry. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Portugal that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margin as described in the "Continuation of Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Karen DiBenedetto (202-377-1778), or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

**SUPPLEMENTAL INFORMATION:**

**Final Determination**

We have determined that mirrors in stock sheet and lehr end sizes from Portugal are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

**Case History**

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from Portugal are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21,

1986 (51 FR 15937, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from Portugal are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850; May, 1986).

On May 20, 1986, we presented a questionnaire to Abilio de Sousa, Filhos and Ca., Limitada (Sobil), since we had information indicating that they accounted for virtually all of the exports to the United States during the period of investigation. An extension of time in which to respond was granted, and, on July 14, 1986, we received the narrative version of the questionnaire response. On July 17, 1986, we received the computer tape version of the response. Since the responses were insufficient, we sent a deficiency letter on August 12, 1986. On August 19, 1986, we received the supplemental response. On September 8, 1986, we issued an affirmative preliminary determination of sales at less than fair value (51 FR 32508, September 12, 1986). Our notice of the preliminary determination provided interested parties with an opportunity to submit views orally or in writing. Based upon a timely request, a public hearing was held on October 9, 1986.

**Scope of Investigation**

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on all of the sales of the product during the period of investigation, August 1, 1985 through January 31, 1986.

**Fair Value Comparisons**

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

**United States Price**

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation into the United States.

We calculated the purchase price for Sobil based on the F.O.B. price to unrelated U.S. purchasers. We made

deductions, where appropriate, for discounts, port charges, freight and insurance.

**Foreign Market Value**

In accordance with section 773(a) of the Act, we calculated foreign market value based on delivered home market prices to unrelated purchasers since there were sufficient sales of such or similar merchandise. We made deductions, where appropriate, for freight and discounts. We made an adjustment under section 353.15 of the Commerce Regulations for differences in circumstances of sale for credit expenses. No home market packing costs were reported. We added U.S. packing to home market prices.

We compared identical (such) merchandise sold in the home market to the merchandise sold to the United States in accordance with section 771(16)(A) of the Act.

We made currency conversions from Portuguese escudos to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates furnished by the Federal Reserve Bank of New York.

**Verification**

As provided in section 776(a) of the Act, we verified all information provided by Sobil by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

**Petitioner's Comments**

*Comment 1.* Petitioner argues that the Department is required to use sales of identical merchandise as the basis for foreign market value, where the quantity of home market sales of such or similar merchandise is sufficient to form an adequate basis for comparison.

*DOC Response.* We agree. We determined that there were sufficient home market sales of such or similar merchandise to form an adequate basis for determining foreign market value. After determining that there is a viable home market, we then determine which product among such or similar products is the most similar. There were sales of identical merchandise in the home market. Since the statutory preference is for comparisons of identical (such) merchandise, we compare these to the U.S. sales, absent evidence that they are not in the normal course of trade.

*Comment 2.* Petitioner claims that the Department failed to adjust the prices of similar merchandise to account sufficiently for physical differences for



purposes of the preliminary determination and that if we continue to include similar merchandise in our comparisons, we should recalculate the adjustment.

*DOC Response.* Since we did not use similar merchandise in our comparisons for this determination, the issue is moot.

*Comment 3.* Petitioner claims that the Department is required to use a daily exchange rate when comparing the foreign market value to U.S. sales on dates where daily rates exist.

*DOC Response.* We agree and used the appropriate exchange rates for our comparisons. Because the exchange rate on the date of purchase varied by more than five percent from the quarterly rate, we used the daily rate as certified by the Federal Reserve Bank of New York. The special rule of § 353.56(b) of the Department's regulations does not apply.

*Comment 4.* Petitioner claims that the Department properly disallowed Sobil's claimed credit expenses since the terms of sale were not adequately explained.

*DOC Response.* We disagree. See our response to Respondent's Comment 2.

#### Respondent's Comments

*Comment 1.* Respondent claims that the Department was correct in using the quarterly exchange rates for all comparisons.

*DOC Response.* See our response to Petitioner's Comment 3.

*Comment 2.* Respondent claims that the Department should allow Sobil's deduction for home market credit expense since it has been verified.

*DOC Response.* We agree. We verified the credit terms and indirect charges related to the method of payment in the home market and have made an adjustment for differences in credit expenses under § 353.15 of the Commerce Regulations.

*Comment 3.* Respondent claims that the Department was correct in including "similar" merchandise in the home market in our comparisons.

*DOC Response.* We disagree. See our response to "Petitioner's Comment 1."

#### Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from Portugal that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the **Federal Register**. The U.S. Customs Service shall require a cash

deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

| Manufacturer/Producer/Exporter                    | Weighted-average margin percentage |
|---|------------------------------------|
| Abilio de Sousa, Filhos and Ca., Limitada .....   | 17.58                              |
| All other Manufacturers/Producers/Exporters ..... | 17.58                              |

#### ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from Portugal entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,  
November 24, 1986.

[FR Doc. 86-27088 Filed 12-01-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-412-601]

#### Antidumping; Mirrors in Stock Sheet and Lehr End Sizes From the United Kingdom; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

**SUMMARY:** We have determined that mirrors in stock sheet and lehr end sizes from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination. We have also directed the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the United Kingdom that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each entry in an amount equal to the estimated dumping margins as described in the "Continuation of Suspension of Liquidation" section of this notice.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Raymond G. Busen, (202-377-3464) or Mary S. Clapp, (202-377-1769), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

#### SUPPLEMENTAL INFORMATION:

##### Final Determination

We have determined that mirrors in stock sheet and lehr end sizes from the United Kingdom are being, or are likely to be, sold in the United States at less than fair value as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

##### Case History

On April 1, 1986, we received a petition in proper form filed by the National Association of Mirror Manufacturers, on behalf of the U.S. industry producing mirrors in stock sheet and lehr end sizes. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the United Kingdom are being, or are likely to be, sold in the United States at less



than fair value within the meaning of section 731 of the Act, and that these imports materially injure, or threaten material injury to, a U.S. industry.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We initiated the investigation on April 21, 1986 (51 FR 15937, April 29, 1986), and notified the ITC of our action.

On May 16, 1986, the ITC found that there is a reasonable indication that imports of mirrors in stock sheet and lehr end sizes from the United Kingdom are materially injuring a U.S. industry (U.S. ITC Pub. No. 1850; May, 1986).

On June 4, 1986, we presented questionnaires to Solaglas Coventry, Ltd. (Solaglas) and Bowman Webber, Ltd. (Bowman Webber). An extension of time in which to respond was granted, and, on July 14 and July 17, 1986, respectively, we received incomplete responses from Solaglas and Bowman Webber. We requested supplemental information from the respondents, and Solaglas responded on July 29 and August 26, 1986. Bowman Webber submitted its supplemental information on August 5 and August 22, 1986.

On September 8, 1986, we issued an affirmative preliminary determination of sales at less than fair value (51 FR 32510, September 12, 1986). Our preliminary determination notice provided interested parties with an opportunity to submit views orally or in writing. Accordingly, we held a public hearing on October 17, 1986.

#### Scope of Investigation

The products covered by this investigation are unfinished glass mirrors, made of any of the glass described in TSUS items 541.11 through 544.41, 15 square feet or more in reflecting area, which have not been subjected to any finishing operation such as bevelling, etching, edging, or framing, currently classifiable in the *Tariff Schedules of the United States Annotated* (TSUSA) under item 544.5400.

We made comparisons on virtually all of the sales of the product during the period of investigation, November 1, 1985 through April 30, 1986.

#### Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

#### United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the

United States price because the merchandise was sold to unrelated U.S. purchasers prior to its importation. We calculated purchase price based on the FOB, CIF, or free delivered, duty paid packed prices. We made deductions for brokerage charges and foreign inland freight. Where appropriate, we also made deductions for ocean freight, marine insurance, and U.S. duty. For Solaglas, we also made a deduction, where appropriate, for demurrage. For Bowman Webber, we also made a deduction, where appropriate, for U.S. inland freight.

#### Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we based foreign market value on home market prices since there were sufficient sales in the home market. We made appropriate deductions from delivered prices to unrelated purchasers for freight, insurance, and discounts. In accordance with § 353.15 of Commerce's Regulations (19 CFR 353.15), we also made an adjustment for differences in circumstances of sale for credit terms, advertising expenses and warranty expenses. For Solaglas, we also made an adjustment for commissions in the two markets. For Bowman Webber, where we had commissions in only one market, we made adjustments for the differences in commissions in the applicable market and indirect selling expenses in the other market, used as an offset to the commissions, in accordance with § 353.15(c) of Commerce's Regulations. We deducted home market packing and added U.S. packing.

We made comparisons of "such or similar" merchandise based on a consideration of grade, thickness, and color of the particular mirrors involved.

We disallowed Bowman Webber's and Solaglas' adjustment claims for currency conversion and exchange rate fluctuations because the respondents did not meet the criteria set forth in § 353.56(b) of Commerce's Regulations. Pursuant to § 353.56 of Commerce's Regulations, we made currency conversions at the rates certified by the Federal Reserve Bank.

We also disallowed Bowman Webber's and Solaglas' claims for a level of trade adjustment because they did not show that selling expenses incurred on U.S. sales would have been incurred in the home market had such sales existed there, nor did they demonstrate and quantify the effect on prices in the relevant markets.

#### Verification

As provided in section 776(a) of the Act, we verified all information

provided by the respondents by using standard verification procedures, which included on-site inspection of manufacturer's facilities and examination of relevant sales and financial records of the company.

#### Petitioner's Comments

*Petitioner's Comment 1.* Petitioner argues that Solaglas should not be allowed a level of trade adjustment for sales to its U.S. agent because the agreement by which Solaglas sold at a lesser price to its U.S. agent was merely an arms-length price negotiation with an individual customer. Petitioner further argues that Solaglas has inadequately quantified the adjustment by basing the adjustment on alleged price concessions which account for different factors than just alleged selling expenses.

*DOC Position.* We agree. See DOC Position to Solaglas Comment 1.

*Petitioner's Comment 2.* Petitioner argues that Bowman Webber should not be allowed a level of trade adjustment on sales to its U.S. distributor because respondent did not adequately quantify its claims.

*DOC Position.* We agree. See DOC Position to Bowman Webber Comment 1.

*Petitioner's Comment 3.* Petitioner argues that we should disallow Bowman Webber's and Solaglas' claim for the application of the 90-day lag rule for currency conversion because there has been a sustained change in the exchange rate.

*DOC Position.* We agree. See DOC Position to Bowman Webber Comment 2 and Solaglas Comment 3.

*Petitioner's Comment 4.* Petitioner argues that we should disallow Solaglas' claimed adjustment for bad debt expense because the expense is not directly related to the sales under investigation.

*DOC Position.* We agree. See DOC Position to Solaglas Comment 2.

*Petitioner's Comment 5.* Petitioner argues that the Department should disregard Solaglas' sales to related parties because the sales were at lower prices than those to unrelated purchasers.

*DOC Position.* We agree. See DOC Position to Solaglas Comment 4.

*Petitioner's Comment 6.* Petitioner argues that the Department should not allow Solaglas' claimed circumstance of sale adjustment for advertising expenses because the claims were not adequately documented.

*DOC Position.* We disagree. Advertising expenses were verified to be attributable to subsequent resales of the merchandise and were, therefore,



determined to be directly related to the sales under consideration.

*Petitioner's Comment 7.* Petitioner argues that the Department should not allow the verified home market cash discount amount because the amount was different than what was reported in Solaglas' original response.

*DOC Position.* We disagree. The purpose of the Department's verification process is to establish the validity of the questionnaire response. When we find that a claim is justified but the amount differs from that reported, we use the verified amount. Therefore, for purposes of this final determination, we adjusted Solaglas' home market discount claim to correspond to the verified amount.

*Petitioner's Comment 8.* Petitioner argues that the Department did not verify Bowman Webber's claim that certain invoices sold in 100-inch widths were lehr end rather than stock sheet sizes.

*DOC Position.* We disagree. We verified this item as noted below in DOC Position to Bowman Webber Comment 3.

#### Respondents' Comments

*Bowman Webber Comment 1.* Bowman Webber argues that its home market sales and its one sale to its exclusive U.S. distributor were at different levels of trade. Therefore, an adjustment equivalent to at least the home market indirect selling expenses is necessary to compare home market sales with this sale. Bowman Webber argues that by shifting the role of national distributor from itself to the distributor, it also shifted the burden of indirect sales expenses necessary to sell to U.S. wholesalers and mirror manufacturers. As an alternative to the claimed level of trade adjustment, Bowman Webber asks that the Department make an equivalent adjustment as a cost-justified quantity discount because of the quantity differences between home market sales and the particular sale. Bowman Webber argues that it incurred indirect selling costs on direct sales to wholesalers and mirror processors in the United States when it acted as U.S. national distributor, but these expenses were not incurred on the sale to its distributor, thus justifying a lower price. Therefore, if a level of trade adjustment is disallowed, we should make a special quantity discount adjustment reflecting the very large size of this one sale.

*DOC Response.* We disagree. We disallowed the level of trade adjustment because respondent did not show that selling expenses incurred on U.S. sales would have been incurred in the home market had there been sales at the same

level of trade in that market. With regard to the claim for an adjustment for quantity discount, an analysis of home market sales indicated that Bowman Webber did not have any sales of this size in the home market. Therefore, we could not quantify any adjustment for this sale. Therefore, we did not allow the additional quantity discount adjustment beyond those already granted on home market sales.

*Bowman Webber Comment 2.* Bowman Webber argues that the Department should apply the 90-day lag rule for currency conversion purposes. Bowman Webber argues that since the value of the dollar declined significantly against the pound sterling during the fourth quarter of 1985, a fluctuation which was not predicted at the time, U.S. sales during November and December 1985 should be compared to home market sales prices based upon the exchange rates in effect during the third quarter of 1985, when the U.S. prices were quoted.

*DOC Response.* We disagree. The exchange rate change at issue has been a sustained one, rather than a temporary one. Bowman Webber has stated that, consistent with industry practice, it revises its prices once or twice a year. Since Bowman Webber did not revise its U.S. prices during the period of investigation to take into account the sustained increase in the value of the pound, we have disallowed the claim and used certified daily exchange rates furnished by the Federal Reserve Bank of New York, in accordance with § 353.56 of our regulations.

*Bowman Webber Comment 3.* Bowman Webber contends that sales of certain lehr end sizes to the U.S. market were improperly categorized as stock sheet and were, therefore, incorrectly compared to home market sales of stock sheet.

*DOC Response.* We agree. Verification indicated that the sales were lehr end sizes and proper comparisons have been made for this final determination.

*Bowman Webber Comment 4.* Bowman Webber argues that sales of peach colored mirrors in the home market are too small to provide an adequate comparison for sales to the U.S. Therefore, the Department should compare U.S. sales of peach colored mirrors to sales in a third country.

*DOC Position.* We disagree. We determined that there were sufficient sales of the subject merchandise in the home market to form an adequate basis for determining foreign market value. After determining that there is a viable home market, we then determine which product among such or similar products

is the most similar. There were sales of peach mirrors, which constitute identical merchandise, in the home market. Therefore, we compared sales of peach mirrors in both markets.

*Bowman Webber Comment 5.* Bowman Webber states that it cancelled one sale to a U.S. customer because the customer was not able to receive the merchandise. The merchandise was then sold to a different customer at a lower price. Bowman Webber argues that the original higher-priced sale should be used when making a comparison to foreign market value.

*DOC Position.* We disagree. We consider the first transaction to be a cancelled sale and the second transaction to be the actual completed sale. Therefore, we have used the later transaction in our computations.

*Solaglas Comment 1.* Solaglas argues that it should be allowed a level of trade adjustment on its sales to its exclusive U.S. distributor. Solaglas argues that the distributor sells to and services Solaglas' customers in the U.S. market in the same manner that Solaglas' previously interacted with U.S. customers and which it now sells to and services its home market customers. Therefore, since the distributor performs the functions which Solaglas previously performed prior to its arrangement with the distributor, Solaglas contends that a level of trade adjustment is warranted which would account for the price allowance to the distributor. Alternatively, if we do not allow the level of trade adjustment, Solaglas argues that the price differential can be considered as a commission and offset against home market indirect selling expenses.

*DOC Position.* We disagree. We have disallowed the level of trade adjustment claim because Solaglas has not demonstrated that selling expenses of at least an amount which was claimed to have been incurred on sales to the United States would also have been incurred in the home market had sales at the same level of trade existed there. Furthermore, relative to respondent's suggestion that we treat the price differential as a commission and offset the differential with home market indirect selling expenses, we consider selling at a reduced price, or at a discount, to be a change in price and not a commission.

*Solaglas Comment 2.* Solaglas argues that the Department erred in its preliminary determination by not adjusting foreign market value for claimed bad debt expense. The Department did not make the adjustment on the grounds that Solaglas



did not show that the expense was directly related to the sales under consideration. Solaglas argues that it has met the statutory circumstance of sale requirements because (1) the bad debt arose from sales during the period of investigation, (2) the company to which the sales were made became insolvent during the period of investigation, and (3) Solaglas wrote off the bad debt during the same period.

**DOC Position.** We disagree. We consider bad debt, by its very nature, to be an indirect selling expense since, under generally accepted accounting principles, bad debt is recovered over time by future price increases.

**Solaglas Comment 3.** Solaglas argues that the Department should implement the 90-day lag rule because of the increase in the value of the pound in relation to the dollar during the November 1985-April 1986 period of investigation. Solaglas argues that the pound appreciated but not in any consistent manner which would have allowed Solaglas to price its product anticipating the appreciation of the pound.

**DOC Position.** We disagree. Although Solaglas stopped selling to the United States late in the investigation period, it did not change its prices until May 1986, which was after the period of investigation. During this period, the pound steadily appreciated. Since Solaglas made no attempt to adjust its prices during this period to reflect the steady increase in the value of the pound, we do not believe it is appropriate to make any adjustments for sustained currency fluctuations. Therefore, we have used the certified daily exchange rates furnished by the Federal Reserve Bank of New York, in accordance with § 353.56 of our regulations.

**Solaglas Comment 4.** Solaglas argues that the Department's preliminary determination improperly disregarded home market sales to related parties when it calculated foreign market value. Solaglas contends that the related sales are arms-length transactions because related and unrelated purchasers buy from the same price list and are eligible for the same discounts as unrelated purchasers.

**DOC Position.** We disagree. Verification showed that related purchasers receive a lower price on some sales than do unrelated purchasers. Therefore, the sales to related purchasers were not arms-length transactions and were disregarded for purposes of this determination.

**Solaglas Comment 5.** Solaglas argues that the Department's preliminary

determination failed to adjust foreign market value to allow for differences in prices in the United States and the home market due to differences in quantities sold in the two markets.

**DOC Position.** We determined that Solaglas sells to the United States in 18 ton loads and in the home market in various quantities at various prices based on 18 ton loads. However, an analysis of Solaglas' home market sales indicated that it did not strictly adhere to its home market price lists. Accordingly, we were unable to determine the quantity discount adjustment amount, if any, to be applied to home market sales. Therefore, we used the actual net selling prices reported by Solaglas.

**Solaglas Comment 6.** Solaglas contends that verification showed that expenses claimed for home market advertising and commissions, which were disallowed in the preliminary determination, did in fact exist and were directly related to Solaglas' home market sales during the period of investigation.

**DOC Position.** We agree and, in accordance with § 353.15 of Commerce's Regulations, have adjusted foreign market value to account for the claimed expenses.

#### Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of mirrors in stock sheet and lehr end sizes from the United Kingdom that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The U.S. Customs service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price as shown in the table below. This suspension of liquidation will remain in effect until further notice.

| Manufacturer/producer/exporter | Weighted-average margin percentage |
|--------------------------------|------------------------------------|
| Bowman Webber, Ltd.....        | 18.32                              |
| Solaglas Coventry, Ltd.....    | 43.53                              |
| All others.....                | 20.33                              |

#### ITC Notification

In accordance with section 735(d) of

the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will make its determination whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days of publication of this notice. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on mirrors in stock sheet and lehr end sizes from the United Kingdom entered, or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration,  
November 24, 1986.

[FR Doc. 86-27084 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-570-506]

#### Antidumping Duty Order; Porcelain-on-Steel Cooking Ware From the People's Republic of China

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** In its investigation, the United States Department of Commerce determined that porcelain-on-steel cooking ware from the People's Republic of China (PRC) is being sold at less than fair value within the meaning of the antidumping duty law.

In a separate investigation, the United States International Trade Commission



(ITC) determined that imports of porcelain-on-steel cooking ware from the PRC are materially injuring a United States industry. Therefore, based on these findings, all unliquidated entries, or withdrawals from warehouse, for consumption, of porcelain-on-steel cooking ware from the PRC made on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the *Federal Register*, will be liable for the possible assessment of antidumping duties. Further, a cash deposit of estimated antidumping duties must be made on all such entries, and withdrawals from warehouse, for consumption made on or after the date of publication of this antidumping duty order in the *Federal Register*.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Thomas Bombelles, Office of Investigations, or Richard Moreland, Office of Compliance, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-3174 or 377-2105.

**SUPPLEMENTARY INFORMATION:** The products covered by this investigation are—porcelain-on-steel cooking ware, including tea kettles, which do not have self-contained electric heating elements. All of the foregoing are constructed of steel and are enameled or glazed with vitreous glasses. These products are currently provided for in items 654.0815, 654.0824, and 654.0827 of the *Tariff Schedules of the United States Annotated (TSUSA)*. Kitchenware, currently reported under items 654.0828 of the *TSUSA*, is not subject to this investigation.

In accordance with section 733 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b), on May 20, 1986, the Department published its preliminary determination that there was reason to believe or suspect that porcelain-on-steel cooking ware was being sold at less than fair value (51 FR 18469, May 20, 1986). On October 10, 1986, the Department published its final determination that these imports were being sold at less than fair value (51 FR 36419).

On November 17, 1986, in accordance with section 735(d) of the Act (19 U.S.C. 1673d(d)), the ITC notified the Department that such importations materially injure a United States industry. Therefore, in accordance with section 736 of the Act (19 U.S.C. 1673e), the Department directs United States Customs officers to assess, upon further advice by the administering authority,

antidumping duties equal to the amount by which the foreign market value of the merchandise exceeds the United States price for all entries of porcelain-on-steel cooking ware from the PRC. These antidumping duties will be assessed on all unliquidated entries of porcelain-on-steel cooking ware which are entered, or withdrawn from warehouse, for consumption, on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the *Federal Register*.

On and after the date of publication of this notice, United States Customs officers must require, at the same time as importers would normally deposit estimated duties on this merchandise, a cash deposit equal to the estimated weighted-average antidumping duty margins as noted below:

*Weighted-average margin*

|   | <i>Percent</i> |
|---|----------------|
| Producers/Exporters:                          |                |
| All manufacturers, producers, exporters ..... | 66.65          |

This determination constitutes an antidumping order with respect to porcelain-on-steel cooking ware from the PRC, pursuant to section 736 of the Act (19 U.S.C. 1673e) and § 353.48 of the Commerce Regulations (19 CFR 353.48). We have deleted from the Commerce Regulations, Annex I of 19 CFR Part 353, which listed antidumping findings and orders currently in effect. Instead, interested parties may contact the Office of Information Service, Import Administration, for copies of the update list of orders currently in effect.

**Notice of Review**

In accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) the Department hereby gives notice that, if requested, it will commence an administrative review of this order. For further information regarding this review, contact Mr. Richard Moreland at (202) 377-1786.

This notice is published in accordance with section 736 of the Act (19 U.S.C. 1673e) and § 353.48 of the Commerce Regulations (19 CFR 353.48).

Joseph A. Spetrini,

*Acting Deputy Assistant Secretary for Import Administration.*

November 28, 1986.

[FR Doc. 86-27153 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-201-504]

**Antidumping Duty Order; Porcelain-on-Steel Cooking Ware From Mexico**

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** In its investigation, the U.S. Department of Commerce determined that porcelain-on-steel cooking ware from Mexico is being sold at less than fair value within the meaning of the antidumping duty law and that critical circumstances exist with respect to imports of the subject merchandise by Troqueles y Esmaltes, S.A. and All Others.

In a separate investigation, the U.S. International Trade Commission (ITC) determined that imports of porcelain-on-steel cooking ware from Mexico are materially injuring a U.S. industry and that critical circumstances do not exist. Therefore, based on these findings, all unliquidated entries, or withdrawals from warehouse, for consumption of porcelain-on-steel cooking ware from Mexico made on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the *Federal Register*, will be liable for the possible assessment of antidumping duties. Further, a cash deposit of estimated antidumping duties must be made on all such entries, and withdrawals from warehouse, for consumption made on or after the date of publication of this antidumping duty order in the *Federal Register*. Due to the ITC's negative critical circumstances determination, the retroactive suspension of liquidation ordered in the Department's final determination is no longer in effect.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Karen Busler, Office of Investigations, or Richard Moreland, Office of Compliance, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-4198 or 377-2786, respectively.

**SUPPLEMENTARY INFORMATION:** The products covered by this investigation are porcelain-on-steel cooking ware, which do not have self-contained electric heating elements. All of the foregoing are constructed of steel and are enameled or glazed with vitreous glasses. These products are currently provided for in items 654.0815, 654.0824, and 654.0827 of the *Tariff Schedules of the United States Annotated (TSUSA)*.



Kitchenware, currently reported under item 654.0828 of the TSUSA, is not subject to this investigation.

In accordance with section 733 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b), on May 20, 1986, the Department published its preliminary determination that there was reason to believe or suspect that porcelain-on-steel cooking ware was being sold at less than fair value (51 FR 18478, May 20, 1986). On October 10, 1986, the Department published its final determination that these imports were being sold at less than fair value (51 FR 36435, October 10, 1986).

On November 17, 1986, in accordance with section 735(d) of the Act (19 U.S.C. 1673d(d)), the ITC notified the Department that such importations materially injure a U.S. industry.

Therefore, in accordance with section 736 of the Act (19 U.S.C. 1673e), the Department directs United States Customs officers to assess, upon further advice by the administering authority pursuant to section 736(a)(1) of the Act (19 U.S.C. 1673e(a)(1)), antidumping duties equal to the amount by which the foreign market value of the merchandise exceeds the United States price for all entries of porcelain-on-steel cooking ware from Mexico. These antidumping duties will be assessed on all unliquidated entries of porcelain-on-steel cooking ware entered, or withdrawn from warehouse, for consumption on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the **Federal Register**.

On and after the date of publication of this notice, U.S. Customs officers must require, at the same time as importers would normally deposit estimated duties on porcelain-on-steel cooking ware (except teakettles), a cash deposit equal to the estimated weighted-average antidumping duty margins as noted below:

| Company                    | Identification number | Margin (Percent) |
|----------------------------|-----------------------|------------------|
| Cinsa, S.A.                | A-201-504-01          | 15.57            |
| Troqueles y Esmaltes, S.A. | A-201-504-02          | 56.83            |
| All others                 | A-201-504-03          | 27.62            |

The amount of the export subsidies on porcelain-on-steel cooking ware (except teakettles) from Mexico has already been subtracted from the above dumping margins for deposit purposes.

With respect to porcelain-on-steel teakettles, currently imported under item 654.0815 of the TSUSA, the ITC determined in the corresponding countervailing duty investigation that an

industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry retarded by reason of subsidized imports from Mexico of porcelain-on-steel teakettles. Since the ITC's countervailing duty injury determination was negative with respect to teakettles, teakettles have been excluded from the scope of the countervailing duty order, and thus there are no export subsidies to subtract from the dumping margins for deposit purposes. Therefore, on or after the date of publication of this notice, Customs officers must require, at the same time as importers would normally deposit estimated duties on *porcelain-on-steel teakettles*, a cash deposit equal to the estimated weighted-average antidumping duty margins as noted below:

| Company                    | Identification number | Margin (Percent) |
|----------------------------|-----------------------|------------------|
| Cinsa, S.A.                | A-201-504-01          | 17.47            |
| Troqueles y Esmaltes, S.A. | A-201-504-02          | 58.73            |
| All others                 | A-201-504-03          | 29.52            |

This determination constitutes an antidumping order with respect to porcelain-on-steel cooking ware from Mexico, pursuant to section 736 of the Act (19 U.S.C. 1673(e)) and § 353.48 of the Commerce Regulations (19 CFR 353.48). We have deleted from the Commerce Regulations, Annex I of 19 CFR Part 353, which listed antidumping findings and orders currently in effect. Instead, interested parties may contact the Office of Information Services, Import Administration, for copies of the updated list of orders currently in effect.

#### Notice of Review

In accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)), the Department hereby gives notice that, if requested, it will commence an administrative review of this order. For further information regarding this review, contact Mr. Richard Moreland at (202) 377-2786.

This notice is published in accordance with section 736 of the Act (19 U.S.C. 1673e) and § 353.48 of the Commerce Regulations (19 CFR 353.48).

**Joseph A. Spetrini,**

*Acting Deputy Assistant Secretary for Import Administration.*

November 28, 1986.

[FR Doc. 86-27154 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-583-508]

#### Antidumping Duty Order; Porcelain-on-Steel Cooking Ware From Taiwan

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice.

**SUMMARY:** In its investigation, the U.S. Department of Commerce determined that porcelain-on-steel cooking ware from Taiwan is being sold at less than fair value within the meaning of the antidumping duty law.

In a separate investigation, the U.S. International Trade Commission (ITC) determined that imports of porcelain-on-steel cooking ware from Taiwan are materially injuring a U.S. industry. Therefore, based on these findings, all unliquidated entries, or withdrawals from warehouse, for consumption, of porcelain-on-steel cooking ware from Taiwan made on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the **Federal Register**, will be liable for the possible assessment of antidumping duties. Further, a cash deposit of estimated antidumping duties must be made on all such entries, and withdrawals from warehouse, for consumption made on or after the date of publication of this antidumping duty order in the **Federal Register**.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Barbara Tillman, Office of Investigations, or Richard Moreland, Office of Compliance, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW Washington, DC 20230; telephone: (202) 377-2438 or 377-2786.

**SUPPLEMENTARY INFORMATION:** The products covered by this investigation are porcelain-on-steel cooking ware, including tea kettles, which do not have self-contained electric heating elements. All of the foregoing are constructed of steel and are enameled or glazed with vitreous glasses. These products are currently provided for in items 654.0815, 654.0824, and 654.0827 of the *Tariff Schedules of the United States Annotated (TSUSA)*. Kitchenware, currently reported under items 654.0828 of the TSUSA, is not subject to this investigation.

In accordance with section 733 of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673b) on May 20, 1986, the



Department published its preliminary determination that there was reason to believe or suspect that porcelain-on-steel cooking ware was being sold at less than fair value (51 FR 18472, May 20, 1986). On October 10, 1986, the Department published its final determination that these imports were being sold at less than fair value (51 FR 36425, October 10 1986).

On November 17, 1986, in accordance with section 735(d) of the Act (19 U.S.C. 1673d(d)), the ITC notified the Department that such imports materially injure a U.S. industry. Therefore, in accordance with section 736 of the Act (19 U.S.C. 1673e), the Department directs Customs officers to assess, upon further advice by the administering authority, antidumping duties equal to the amount by which the foreign market value of the merchandise exceeds the United States price for all entries of porcelain-on-steel cooking ware from Taiwan. These antidumping duties will be assessed on all unliquidated entries of porcelain-on-steel cooking ware which are entered, or withdrawn from warehouse, for consumption, on or after May 20, 1986, the date on which the Department published its "Preliminary Determination" notice in the Federal Register.

On and after the date of publication of this notice, Customs officers must require, at the same time as importers would normally deposit estimated duties on this merchandise, a cash deposit equal to the estimated weighted-average antidumping duty margins as noted below:

| Company:                              | Margin (percent) |
|---------------------------------------|------------------|
| First Enamel Industrial Corp...       | 9.04             |
| Tian Shine Enterprise Co., Ltd.....   | 1.99             |
| Tou Tien Metal (Taiwan) Co., Ltd..... | 2.67             |
| Li-Fong Industrial Corp.....          | 2.63             |
| Li-Mow Enamelling Co., Ltd....        | 6.48             |
| Receve Will Industry Co., Ltd.....    | 23.12            |
| All others.....                       | 6.82             |

This determination constitutes an antidumping order with respect to procelain-on-steel cooking ware from Taiwan, pursuant to section 736 of the Act (19 USC 1673e) and § 353.48 of the Commerce Regulation (19 CFR 353.48). We have deleted from the Commerce Regulations, Annex I of 19 CFR Part 353, which listed antidumping findings and orders currently in effect. Instead, interested parties may contact the Office of Information Services, Import Administration, for copies of the updated list of orders currently in effect.

#### Notice of Review

In accordance with section 751(a)(1) of the Act (19 USC 1675(a)(1)), the Department hereby gives notice that, if requested, it will commence an administrative review of this order. For further information regarding this review, contact Mr. Richard Moreland at (202) 377-2786.

This notice is published in accordance with section 736 of the Act (19 U.S.C. 1673e) and § 353.48 of the Commerce Regulations (19 CFR 353.48).

Joseph A. Spetrini,

Acting Deputy Assistant Secretary for Import Administration.

November 28, 1986.

[FR Doc. 86-27155 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-05-M

[A-423-013]

#### Certain Stainless Steel Sheet and Strip Products From the Federal Republic of Germany; Final Results of Antidumping Duty Administrative Review

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice of final results of antidumping duty administrative review.

**SUMMARY:** On October 9, 1986, the Department of Commerce published the preliminary results of its administrative review of the antidumping duty order on certain stainless steel sheet and strip products from the Federal Republic of Germany. The review covers one manufacturer/exporter of this merchandise to the United States and the period December 17, 1982 through May 31, 1983.

We gave interested parties an opportunity to comment on the preliminary results. We received no comments. Based on our analysis, the final results of review are unchanged from those presented in the preliminary results.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:** Katherine Glover or David P. Mueller, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, DC 20230; telephone: (202) 377-1130/2923.

**SUPPLEMENTARY INFORMATION:**

#### Background

On October 9, 1986, the Department of Commerce ("the Department") published in the Federal Register (51 FR 36258) the preliminary results of its

administrative review of the antidumping duty order on certain stainless steel sheet and strip products from the Federal Republic of Germany (48 FR 28680, June 23, 1983). We began this review under our old regulations. After the promulgation of our new regulations, one respondent requested in accordance with § 353.53a(a) of the Commerce Regulations that we complete the administrative review. We have now completed the administrative review in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

#### Scope of the Review

Imports covered by this review are hot- or cold-rolled stainless steel sheet or strip, excluding hot- or cold-rolled stainless steel strip not over .01 inches in thickness, as currently classifiable under items 607.7610, 607.9010, 607.9020, 608.4300, and 608.8700 of the Tariff Schedules of the United States Annotated.

The review covers one manufacturer/exporter of certain West German stainless steel sheet and strip products to the United States and the period December 17, 1982 through May 31, 1983.

#### Final Results of the Review

We invited interested parties to comment on the preliminary results. We received no comments or requests for a hearing. Based on our analysis, the final results of our review are unchanged from those we presented in the preliminary results, and we determine that the following margin exists:

| Manufacturer/Exporter                     | Time period      | Margin (percent) |
|---|------------------|------------------|
| Vereingte Deutsche Metallwerke (VDM)..... | 12/17/82-5/31/83 | 2.0              |

The Department will instruct the Customs Service to assess antidumping duties on all appropriate entries. Individual differences between United States price and foreign market value may vary from the percentage stated above. The Department will issue appraisement instructions directly to the Customs Service.

On August 11, 1986 the Department published in the Federal Register (51 FR 28738) a notice of revocation of the antidumping duty order, effective March 1, 1986. This administrative review, covering the period December 17, 1982 through May 31, 1983, does not affect the revocation of the antidumping duty order. Therefore, we will instruct the Customs Service to continue to liquidate all entries of this merchandise exported



on or after March 1, 1986 without regard to antidumping duties.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 353.53a of the Commerce Regulations (19 CFR 353.53a).

Dated: November 26, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 86-27089 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

[C-201-017]

### Bricks From Mexico; Final Results of Countervailing Duty Administrative Review

**AGENCY:** International Trade Administration, Import Administration, Commerce.

**ACTION:** Notice of final results of countervailing duty administrative review.

**SUMMARY:** On July 10, 1986, the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on bricks from Mexico. The review covers the period February 16, 1984 through June 30, 1984 and fifteen programs.

We gave interested parties an opportunity to comment on the preliminary results. After reviewing all of the comments received, we have determined the total bounty or grant to be zero for Ladrillera Industrial, S.A., and Tex Mex de Mexico, S.A., and 11.75 percent *ad valorem* for all other firms.

**EFFECTIVE DATE:** December 2, 1986.

**FOR FURTHER INFORMATION CONTACT:**

Susan Silver or Paul McGarr, International Trade Administration, U.S. Department of Commerce, Washington, DC 20230; telephone: (202) 377-2786.

**SUPPLEMENTARY INFORMATION:**

#### Background

On May 8, 1984, the Department of Commerce ("the Department") published in the *Federal Register* (49 FR 19564) a countervailing duty order on bricks from Mexico. On October 15, 1985, November 5, 1985, and November 15, 1985, the petitioner, the Bricks Institute of America, two Mexican exporters, Ladrillera Industrial, S.A., and Productos de Barro Industrializados, S.A., and the Mexican government, respectively, requested in accordance with § 355.10 of the Commerce Regulations an administrative review of the order. We published the initiation on

November 27, 1985 (50 FR 48825) and the preliminary results on July 10, 1986 (51 FR 25076). We have now completed that administrative review in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

#### Scope of Review

Imports covered by the review are shipments of Mexican bricks. Such merchandise is currently classifiable under items 532.1120 and 532.1140 of the Tariff Schedules of the United States Annotated. These products include unglazed solid bricks and unglazed hollow bricks.

The review covers the period February 16, 1984 through June 30, 1984 and fifteen programs: (1) CEDI; (2) FOMEX; (3) CEPFOFI; (4) FOGAIN; (5) FONEI; (6) state tax incentives; (7) import duty reductions and exemptions; (8) NDP preferential discounts; (9) Article 94 of the Banking Law; (10) preferential vessel and freight rates; (11) FIDEIN; (12) FOMIN; (13) export services offered by IMCE; (14) accelerated depreciation allowances; and (15) FONEP.

#### Analysis of Comments Received

We invited interested parties to comment on the preliminary results. We received written comments from the Mexican government and three Mexican exporters, Productos de Barros Industrializados, S.A., Ladrillera Monterrey, S.A., and Laminados de Barro, S.A.

*Comment 1:* The Mexican government argues that because its response in this case covered enough exporters, including a "good number" of the larger brick exporters, the Department should not use the best information available. The Mexican government states that it has fully cooperated with the Department in all cases, including this one, since 1980. A problem in this case is that Mexican Customs cannot accurately quantify the exports of the many small firms located along the Mexico-U.S. border. Therefore, the Department should not have considered the response to be deficient.

The Mexican exporters agree that the Mexican government fully cooperated with the Department. The response covered 41 percent of total brick exports, which is only 19 percent less than the 60 percent coverage usually required. The Mexican exporters contend that the Department's use of the best information available is designed to punish the Mexican government for its failure to answer the questionnaire in the manner desired by the Department. Use of best information also results in punishment of the 15 responding

exporters, their U.S. importers, and U.S. consumers who purchase Mexican bricks.

The Mexican exporters believe that the problem of sufficiency of the response centers on the Mexican government's failure to provide official IMCE export statistics. The Department has not stated why it considers the IMCE statistics to be so important. The IMCE statistics should not be considered important given that the Department uses U.S. Census import statistics to determine the adequacy of the response. Further, the Mexican government has asserted that it cannot provide IMCE export statistics.

Finally, the exporters contend that the Department should either use the data contained in the responses from the fifteen exporters or accept additional information for the final results. To use the best information available and to reject additional information following the preliminary results creates a no-win situation that deprives brick exporters and the Mexican government of due process.

*Department's Position:* We do not believe that a response covering only 15 out of over 60 exporters and only 41 percent of total exports is sufficient. We require Mexican export statistics in this case because they would tell us the number and relative size of exporters, which are not available in our import statistics. Although one of our concerns is with the total percentage covered by the response, we are also concerned that the response may not be representative and may be skewed toward exporters who did not receive benefits. Without knowing whether the benefits received by the responding exporters are representative of all brick exporters, we cannot use the responding exporter's information to establish a country-wide rate. We must instead rely on the best information available.

Finally, as explained in the preliminary results, we have already provided the Mexican government several opportunities to submit supplementary information. Even if we did receive responses from additional exporters in time to complete the final results of review by the due date, we still would not be certain, without the Mexican export statistics, whether the responses covered a sufficient amount of brick exports.

*Comment 2:* The Mexican government maintains that because the Mexican tariff schedules describe and classify merchandise differently from the U.S. tariff schedules, it is difficult to accurately identify the companies



involved in certain cases. For example, in the recent verification of ceramic tile, Department officials found that the IMCE export statistics included a broader category of companies than those exclusively involved in exporting ceramic tile. Since ceramic tile producers also produce bricks, the same difficulty arises when identifying brick exporters. Therefore, any omission in the response would result from the discrepancies in classification, rather than through selective provision of information by the Mexican government.

*Department's Position:* We understand that Mexican export statistics do not correspond exactly to our import statistics. However, we need to see the export statistics in order to know the universe of companies the Mexican government uses to determine the significant exporters. Even if those statistics include tile as well as bricks, they would still give us the names of the exporters and their relative size.

*Comment 3:* The Mexican government denies that its position is that if a firm chooses not to reply, that firm need not be included in the data for the review. Rather, the Mexican government is powerless to provide the missing data from companies that choose not to participate. Mexican law requires confidential treatment for all banking, tax, and other specific information from private companies unless those companies consent to the release of that information. Even if the Mexican government could release such confidential data from government agency files, this information would not give an accurate view of the companies' benefits. Relevant differences between company and official information can only be explained by the company (e.g., actual dates of receipt of the benefits, amounts allocated to the product under investigation, amounts corresponding to exports to the United States, etc.). Furthermore, no Mexican government agency keeps sales and production figures for individual Mexican companies.

*Department's Position:* We agree that it may not be possible to calculate an accurate benefit using only information from Mexican government files. However, that information would at least point out which brick firms have received benefits. Without the government information, we cannot determine which firms should be investigated more thoroughly.

While the Mexican government maintains that confidentiality requirements prevent it from releasing information to us concerning non-responding firms, it has not provided any alternative method by which we can

be satisfied that the information in the questionnaire response accurately reflects the benefits provided to brick exporters. We are particularly concerned that firms receiving substantial benefits would be more likely not to provide information to the Mexican government, resulting in a questionnaire response that includes only firms receiving few or no benefits.

*Comment 4:* The Mexican government argues that the Department's statement that the universe of exporters is well over 60 may overestimate the actual number of exporters. The Mexican government has found that companies which were exporting during "the first period of investigation" are no longer exporting, and, furthermore, some of them no longer even exist.

*Department's Position:* The Mexican government has not stated how many brick exporters it believes there are. It has not demonstrated the inaccuracy of our figure but merely surmised a smaller number. Because we do not know exactly how many exporters (or potential exporters) there were during the review period, we must rely on the best information available: the number of exporters in the past.

*Comment 5:* The Mexican government and respondents argue that, even if the Department decides to base its final results of administrative review on the "best information available," it should use information from the same case and not from other cases, where products, companies, and use of subsidy programs are essentially different. For example, the Department found a CEPROFI benefit of 0.35 percent *ad valorem* during the investigation of bricks, so it is not fair to use in this review the rate of 4.25 *ad valorem* from the oil country tubular goods investigation. Use of the CEPROFI program would be greater for the oil country tubular goods industry, which requires considerably more capital investment, than the brick industry. As another example, the Department found a FONEI benefit of 0.18 percent *ad valorem* for brick producers during the investigation, so it is not fair to use a countervailing duty rate of 1.25 percent *ad valorem* from the lime investigation. Finally, the investigation and review of the bricks case showed use of only four programs rather than the nine programs for which the Department has chosen rates from other cases.

*Department's Position:* Benefits vary over time within the same industry as well as between industries. Confining ourselves to previous rates established in the same case would encourage firms not to respond unless the response would lower the existing rate. Further,

because we have determined that the response from the 15 exporters was inadequate, we cannot base the use of benefits by Mexican brick exporters upon data obtained from the response from the 15 exporters.

*Comment 6:* The Mexican government claims that misunderstandings and errors in the bricks questionnaire response may be due in part to the lack of clarity in the Department's previous questionnaires, which failed to distinguish between loans received or benefits granted during the review period and loans or benefits outstanding during the review period.

*Department's Position:* It is true that in our questionnaires in other reviews, we requested information on loans and benefits received, rather than outstanding, during the review period. However, the questionnaire for this review contained requests for benefits outstanding during the review period.

*Comment 7:* Under the terms of the "Understanding Between the United States and Mexico Regarding Subsidies and Countervailing Duties" ("the Understanding") signed on April 23, 1985, preferences and benefits given by the Mexican government have been substantially reduced, decreasing the level of any potential benefit to the recipients. In this context, the Mexican government believes that the Department should establish a zero rate of cash deposit for all firms.

*Department's Position:* The Mexican government has not provided specific information on how its reductions have affected the benefits in this case. Furthermore, total benefits depend on the extent to which firms take advantage of them. A higher participation rate, even at lower benefit rates, could result in an increase in the weighted-average benefits received. We do not believe there is any reason to set a deposit rate at zero simply because of a reduction in the maximum benefit available.

*Comment 8:* Mexican exporters contend that with the implementation of the Understanding, the United States no longer has the authority to impose countervailing duties on duty-free articles from Mexico (including bricks) covered by existing orders absent an affirmative injury determination by the International Trade Commission ("ITC"). The Understanding creates an international obligation for the United States to grant the injury test prior to the imposition of countervailing duties on any Mexican products that are duty-free. The Department should refer the case to the ITC for an injury determination or revoke the



countervailing duty order. In two instances involving duty-free products covered by section 303 countervailing duty orders, *Certain Fasteners from India* (47 FR 44129, October 6, 1982) and *Carbon Steel Wire Rod from Trinidad and Tobago* (50 FR 19561, May 9, 1985), the Department has refused or preliminarily refused to impose duties. The circumstances in those cases are very similar to those of bricks from Mexico and should serve as precedents.

Contrary to the Department's stated belief that the Understanding creates an international obligation requiring the United States to grant an injury test only prospectively, the Understanding does require the injury test for pre-existing orders. The Department's distinction between "investigations in progress" (as used in Article 5 of the understanding) and existing orders renders Article 5 of the Understanding superfluous in light of section 102(a) of the Trade Agreements Act of 1979.

Finally, in the final results of administrative review on certain iron-metal construction castings from Mexico (51 FR 9698) ("the castings final"), the Department distinguished between the "international obligation" stemming from the Understanding with Mexico and that existing with India and Trinidad and Tobago. India and Trinidad and Tobago were already signatories to the GATT when the product covered by an order became duty-free.

According to the Department, the reverse is true in this case, where duty-free status already existed at the time of the order but no "international obligation" of the United States existed. However, Mexican exporters point out that since the castings final was published, Mexico has become a member of the GATT. This now creates an "international obligation" of the United States to grant Mexico the injury test in section 303 cases for duty-free goods.

**Department's Position:** As explained in the castings final, we believe that we lack the authority to revoke this countervailing duty order on the basis of the Understanding (see our discussion in the castings final). We confirmed with the principal U.S. negotiators that the intent of Article 5 was to exclude from the application of the Understanding, and hence the application of "country under the Agreement" status, orders existing before April 23, 1985. We are currently considering the issue of whether Mexico's accession to the GATT impinges on our authority to impose countervailing duties on duty-free products from Mexico. Since Mexico's accession became effective on

August 24, 1986, our decision will not affect entries covered by this review, which runs through June 30, 1984.

**Comment 9:** The Mexican government expresses concern that, because the zero rates are based on company verifications, and the verification process is based on a random spot-check of certain firms in each case, the firms claiming no benefits that are not verified would not be entitled to a zero rate.

**Department's Position:** Given their large number, it is impossible to verify all firms claiming no benefits. Therefore, we must randomly choose specific firms to verify. If we find that each verified firm claiming no benefits has in fact not received benefits, we conclude that all firms have received no benefits. However, if we find that even one of the verified firms has received benefits, we cannot be certain that other firms claiming no benefits have also not received benefits. In that case, we can only grant zero rates to the firms that we verified as having received no benefits. While this may seem unfair to firms not verified, it would be administratively impossible to verify all firms claiming no benefits in all cases.

**Comment 10:** The exporters maintain that the Department wrongly included Productos de Barro Industrializados, S.A. ("Productos") in the country-wide rate. Productos cooperated fully with the Department during verification and was able to prove that it benefited from only one countervailable program, FOMEX pre-export financing, which would provide a maximum benefit of 1.36 percent *ad valorem* (the best information available rate for that program in the preliminary results of review). Section 607 of the Trade and Tariff Act of 1984 provides for company-specific rates if there is a significant differential between company rates. Since the difference between the rate for Productos and the rate for all other firms is close to the differential between zero-rate firms claiming no benefits and all other firms, and a company-specific rate of zero was granted for two firms, Productos should receive a company-specific rate for the period of review and for collection of estimated countervailing duties on the same basis. To do otherwise would be contrary to law.

**Department's Position:** We agree that a company-specific rate is appropriate for companies whose total benefits are significantly different from the country-wide rate. However, in addition to FOMEX pre-export financing, Productos benefited from FONEI and an import duty allowance during the period of review. The total amount of benefits

received from all programs was not significantly different from the country-wide rate. Therefore, we cannot establish a company-specific rate for Productos.

#### Final Results of Review

After considering all of the comments received, we determine the total bounty or grant during the period of review to be zero for the firms Ladrillera Industrial, S.A., and Tex Mex de Mexico, S.A., and 11.75 percent *ad valorem* for all other firms. We consider the rates for these two firms to be significantly different, as provided in section 706(a)(2) of the Tariff Act, from the rate for all other firms.

The Department will instruct the Customs Service not to assess countervailing duties on shipments of this merchandise from the two firms, and to assess countervailing duties of 11.75 percent of the f.o.b. invoice price on shipments from all other firms entered, or withdrawn from warehouse, for consumption on or after February 16, 1984 and exported on or before June 30, 1984.

The Department will instruct the Customs Service not to collect a cash deposit of estimated countervailing duties, as provided by section 751(a)(1) of the Tariff Act, on shipments of this merchandise from Ladrillera Industrial, S.A., and Tex Mex de Mexico, S.A., and to collect a cash deposit of 11.75 percent of the f.o.b. invoice price on shipments from all other firms entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. These deposit requirements shall remain in effect until publication of the final results of the next administrative review.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.10 of the Commerce Regulations (19 CFR 355.10).

Dated November 26, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 86-27091 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DS-M

#### Export Trade Certificate of Review

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Notice of Issuance of an Export Trade Certificate of Review, Application #86-00007.

**SUMMARY:** The Department of Commerce has issued an export trade



certificate of review to East West Trade Association, Inc. This notice summarizes the conduct for which certification has been granted.

**FOR FURTHER INFORMATION CONTACT:** James V. Lacy, Director, Office of Export Trading Company Affairs, International Trade Administration, 202-377-5131. This is not a toll-free number.

**SUPPLEMENTARY INFORMATION:** Title III of the Export Trading Company Act of 1982 ("the Act") (Pub. L. No. 97-290) authorizes the Secretary of Commerce to issue export trade certificate of review. The regulations implementing Title III are found at 15 CFR Part 325 (50 FR 1804, January 11, 1985).

The Office of Export Trading Company Affairs is issuing this notice pursuant to 15 CFR 325.6(b), which requires the Department of Commerce to publish a summary of a certificate in the *Federal Register*. Under section 305(a) of the Act and 15 CFR 325.11(a), any person aggrieved by the Secretary's determination may, within 30 days of the date of this notice, bring an action in any appropriate district court of the United States to set aside the determination on the ground that the determination is erroneous.

#### Description of Certified Conduct

##### A. Export Trade

##### Products

- (a) Food and related products
- (b) Tobacco products
- (c) Textile mill products
- (d) Apparel and other finished products made from fabrics and similar materials
- (e) Lumber and wood products
- (f) Furniture and fixtures
- (g) Paper and allied products
- (h) Printing and publishing products
- (i) Chemical and allied products
- (j) Primary metals (ferrous and non-ferrous metals and their alloys)
- (k) Non-electrical machinery and equipment
- (l) Electrical and electronic equipment
- (m) Transportation Equipment
- (n) Measuring, analyzing and controlling instruments, photographic, medical, and optical goods, watches and clocks
- (o) Storage and handling equipment, including refrigeration and dispensing equipment
- (p) Vending machines
- (q) Ventilating systems, including industrial and kitchen fans
- (r) Cash registers
- (s) Waste compactors
- (t) Garbage disposals
- (u) Sinks
- (v) Nuclear Fission Equipment
- (w) Aircraft
- (x) Armaments and weapons
- (y) Scrap metal
- (z) Automobiles and trucks
- (aa) Satellite communications equipment
- (bb) Computers, software, and accessories
- (cc) Manufacturing equipment of all kinds

- (dd) Construction equipment and supplies
- (ee) Miscellaneous manufactured products

##### Services

Technical assistance in the areas of education, management, agriculture, urban development, manufacturing, and related areas.

##### Export Trade Facilitation Services (as They Relate to the Export of Products)

Consulting, international market research, advertising, marketing, insurance, product research and design, transportation, trade documentation and freight forwarding, communication and processing of foreign orders to and for exporters and foreign purchasers, warehousing, foreign exchange, financing, and taking title to goods.

##### B. Export Markets

The Export Markets include all parts of the world except the United States (the fifty states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands).

*Members:* Kanney H. Choi and Young C. Lee of Rockville, Maryland.

##### C. Export Trade Activities and Methods of Operation

East West may:

(1) Enter into exclusive or nonexclusive agreements with individual Suppliers of Products or Services to act as an Export Intermediary wherein:

(a) East West agrees not to represent any competitors of a Supplier in any Export Market unless authorized by that Supplier; and/or

(b) The Supplier agrees not to sell, directly or indirectly through any other intermediary, into the Export Markets in which East West represents the Supplier as an Export Intermediary, and, if such sales occur, to pay a commission to East West.

(2) Enter into exclusive and nonexclusive agreements with individual Export Intermediaries for the sale of Products or Services in the Export Markets, whereby:

(a) East West agrees to deal in Products or Services only through that Export Intermediary in particular Export Markets, and/or

(b) that Export Intermediary agrees not to deal with East West's competitors in the sale of Products or Services in particular Export Markets.

The agreements described in paragraphs 1 and 2 may contain price, territorial, quantity, and customer

restrictions for the Export Markets, and may provide for termination on the grounds that those terms have not been adhered to.

(3) Enter into agreements with individual purchasers of Products or Services, including foreign governmental entities, to act as an exclusive or nonexclusive Purchasing Agent for purchases of Products or Services in the Export Markets.

(4) With respect to sales opportunities in the Export Markets, including invitations to bid, East West may:

(a) Distribute information on an individual basis to Suppliers concerning Export Trade generally or concerning specific sales opportunities;

(b) Solicit and receive independent quotations for the Products or Services from individual Suppliers; and/or

(c) Enter into agreements with individual Suppliers whereby East West will submit a response to the invitation to bid or other sales opportunity on behalf of the Supplier.

A copy of each certificate will be kept in the International Trade Administration's Freedom of Information Records Inspection Facility, Room 4102, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

Dated: November 25, 1986.

James V. Lacy,

Director, Office of Export Trading Company Affairs.

[FR Doc. 86-27071 Filed 12-1-86; 8:45 am]

BILLING CODE 3510-DR-M

#### Minority Business Development Agency

#### Minority Business Development Center Program; Solicitation of Competitive Applications for Financial Assistance; Florida

November 25, 1986.

**AGENCY:** Minority Business Development Agency.

**ACTION:** Notice.

**SUMMARY:** The Minority Business Development Agency (MBDA) announces that it is soliciting competitive applications under its Minority Business Development Center (MBDC) Program to operate an MBDC for a 3-year period, subject to available funds. The cost of performance for the first 12 Months is estimated at \$256,118 for the project performance of 04/01/87 to 03/31/88. The MBDC will operate in the Tampa/St. Petersburg, Florida Metropolitan Statistical Area (MSA).



The first year cost for the MBDC will consist of \$217,700 in Federal funds and a minimum of \$38,418 in non-Federal funds (which can be a combination of cash, in-kind contribution and fees for services). The Project Number is 04-10-87004-01 for the Tampa/St. Petersburg, Florida SMSA.

The funding instrument for the MBDC will be a cooperative agreement and competition is open to individuals, nonprofit and for-profit organization, local and state governments, American Indian tribes and educational institutions.

The MBDC will provide management and technical assistance to eligible clients for the establishment and operation of businesses. The MBDC program is designed to assist those minority businesses that have the highest potential for success. In order to accomplish this, MBDA supports MBDC program that can: Coordinate and broker public and private sector resources on behalf of minority individuals and firms; offer them a full range of management and technical assistance; and serve as a conduit of information and assistance regarding minority business.

Applications will be judged on the experience and capability of the firm and its staff in addressing the needs of minority business individuals and organizations; the resources available to the firm in providing management and technical assistance; the firm's proposed approach to performing the work requirements included in the application; and the firm's estimated cost for providing such assistance. It is advisable that applicants have an existing office in the geographic region for which they are applying.

The MBDC will operate for a 3-year period with periodic reviews culminating in annual evaluations to determine if funding for the project should continue. Continued funding will be at the discretion of MBDA based on such factors as an MBDC's satisfactory performance, the availability of funds, and Agency priorities.

Closing date: The closing date for applications is *December 31, 1986*. Applications must be postmarked on or before *December 31, 1986*.

**ADDRESS:** Atlanta Regional Office, 1371 Peachtree Street, NE., Suite 505, Atlanta, Georgia 30309, (404) 347-4091.

**FOR FURTHER INFORMATION CONTACT:** Carlton L. Eccles, Regional Director, Atlanta Regional Office.

**SUPPLEMENTARY INFORMATION:** Questions concerning the preceding information, copies of application kits

and applicable regulations can be obtained at the above address.

A pre-application conference to assist all interested applicants will be held at the U.S. Department of Commerce, Minority Business Development Agency, 1371 Peachtree Street, NE., Suite 505, Atlanta, Georgia, Thursday, December 18, 1986, 9:00 a.m.

11.800 Minority Business Development, (Catalog of Federal Domestic Assistance)  
Dated: November 25, 1986.

**Carlton L. Eccles,**  
Regional Director, Atlanta Regional Office.  
[FR Doc. 86-26993 Filed 12-1-86; 8:45 am]  
BILLING CODE 3510-21-M

### National Oceanic and Atmospheric Administration

#### Coastal Zone Management; Federal Consistency Appeal by Chevron, U.S.A. From an Objection by the California Coastal Commission

**AGENCY:** National Oceanic and Atmospheric Administration, Department of Commerce.

**ACTION:** Withdrawal of appeal.

On November 14, 1986, Chevron U.S.A. Inc. advised the Secretary of Commerce that it wished to withdraw its appeal filed under section 307(c)(2)(B) of the Coastal Zone Management Act of 1972, as amended, 16 U.S.C. 1451 *et seq.* Chevron filed the appeal with the Secretary in response to a September 9, 1986, vote by the California Coastal Commission objecting to Chevron's amended proposed development and production plan (DPP) for Platform Gail (OCS-P-205), to be located on the Outer Continental Shelf approximately six miles north of Anacapa Island.

Chevron and the Commission concluded a settlement on November 13, 1986, in which Chevron agreed to dismiss a lawsuit that it had filed against the Commission and to withdraw the appeal pending before the Secretary. In turn, the Commission agreed not to challenge approval of the amended DPP by the Minerals Management Service, U.S. Department of the Interior.

The Secretary granted Chevron's request to withdraw its appeal on November 14, 1986. Consequently, Chevron will be barred from filing another appeal from the Commission's September 9, 1986, vote to object.  
**FOR FURTHER INFORMATION CONTACT:** Katherine A. Pease, Attorney/Adviser, Office of the Assistant General Counsel for Ocean Services, National Oceanic and Atmospheric Administration,

Washington, DC 20235; (202) 673-5200.

[Federal Domestic Assistance Catalog No. 11.419 Coastal Zone Management Program Administration]

Dated: November 26, 1986.

**Daniel W. McGovern,**  
General Counsel.  
[FR Doc. 86-27015 Filed 12-1-86; 8:45 am]  
BILLING CODE 3510-08-M

### Marine Mammals: Issuance of Permit: Dr. William A. Watkins (P70C)

On September 5, 1986, notice was published in the *Federal Register* (51 FR 31793) that an application had been filed by Dr. William A. Watkins, Woods Hole Oceanographic Institution, Woods Hole, Massachusetts 02543, to take sperm whales (*Physeter catodon*) by harassment and the attachment of radio and sonar transponder tags.

Notice is hereby given that on November 2, 1986 as authorized by the provisions of the Marine Mammal Protection Act (16 U.S.C. 1361-1407) and the Endangered Species Act of 1973 (16 U.S.C. 1531-1543), the National Marine Fisheries Service issued a Permit for the above taking subject to certain conditions set forth therein.

Issuance of this Permit as required by the Endangered Species Act of 1973 is based on a finding that such Permit: (1) Was applied for in good faith; (2) will not operate to the disadvantage of the endangered species which were the subject of this Permit; (3) and will be consistent with the purposes and policies set forth in Section 2 of the Endangered Species Act of 1973. This Permit was also issued in accordance with and is subject to Parts 220-222 of Title 50 CFR, the National Marine Fisheries Service regulations governing endangered species permits.

The Permit is available for review by interested persons in the following offices:

Protected Species Division, National Marine Fisheries Service, 1825 Connecticut Avenue NW., Room 805, Washington, DC; and

Director, Northeast Region, National Marine Fisheries Service, 14 Elm Street, Federal Building, Gloucester, Massachusetts 01930.

Dated: November 21, 1986.

**Richard B. Roe,**  
Director, Office of Fisheries Management, National Marine Fisheries Service.  
FR Doc 86-27010 Filed 12-1-86; 8:45 am]  
BILLING CODE 3510-22-M



**Permits; Foreign fishing**

This document publishes for public review a summary of applications received by the Secretary of State requesting permits for foreign vessels to fish in the fishery conservation zone under the Magnuson Fishery Conservation and Management Act (Magnuson Act, 16 U.S.C. 1801 *et seq.*)

Send comments on applications to:  
Fees, Permits and Regulations Division (F/M12), National Marine Fisheries Service, Department of Commerce, Washington, DC 20235

or, send comments to the Fishery Management Council(s) which review the application(s), as specified below:

Douglas G. Marshall, Executive Director, New England Fishery Management Council, 5 Broadway (Route 1), Saugus, MA 01906, 617/231-0422

John C. Bryson, Executive Director, Mid-Atlantic Fishery Management Council, Federal Building Room 2115, 320 South New Street, Dover, DE 19901, 302/674-2331  
Robert K. Mahood, Executive Director, South Atlantic Fishery Management Council, Southpark Building, Suite 306, 1 Southpark Circle, Charleston, SC 29407, 803/571-4366

Omar Munoz-Roure, Executive Director, Caribbean Fishery Management Council, Banco De Ponce Building, Suite 1108, Hato Rey, PR 00918, 809/753-4926

Wayne E. Swingle, Executive Director, Gulf of Mexico Fishery Management Council, Lincoln Center, Suite 881, 5401 West

Kennedy Blvd., Tampa, FL 33609, 813/228-2815

Joseph C. Greenley, Executive Director, Pacific Fishery Management Council, Metro Building, Suite 420, 2000 SW First Avenue, Portland, OR 97201, 503/221-6352

Jim H. Branson, Executive Director, North Pacific Fishery Management Council, P.O. Box 103136, Anchorage, AK 99510, 907/274-4563

Kitty M. Simonds, Executive Director, Western Pacific Fishery Management Council, 1164 Bishop Street, Room 1405, Honolulu, HI 96813, 808/523-1368

For further information contact John D. Kelly or Shirley Whitted (Fees, Permits, and Regulations Division, 202-673-5319).

The Magnuson Act requires the Secretary of State to publish a notice of receipt of all applications for such permits summarizing the contents of the applications in the Federal Register. The National Marine Fisheries Service, under the authority granted in a memorandum of understanding with the Department of State effective November 29, 1983, issues the notice on behalf of the Secretary of State.

Individual vessel applications for fishing in 1987 have been received from the Governments shown below.

Dated: November 26, 1986.

**Richard B. Roe,**

*Director Office of Fisheries Management,  
National Marine Fisheries Service.*

Fishery codes and designation of Regional Fishery Management Councils which review applications for individual fisheries are as follows:

| Code fishery  | Regional fishery management councils                                  |
|---|---|
| ABS—Atlantic Billfishes and Sharks.                         | New England, Mid Atlantic, South Atlantic, Gulf of Mexico, Caribbean. |
| BSA—Bering Sea and Aleutian Islands Groundfish.             | North Pacific.  |
| GOA—Gulf of Alaska.   | North Pacific.  |
| NWA—Northwest Atlantic Ocean.                               | New England, Mid-Atlantic.  |
| SNA—Snails (Bering Sea)                                     | North Pacific.  |
| WOC—Pacific Groundfish (Washington, Oregon and California). | Pacific.  |
| PBS—Pacific Billfishes and Sharks.                          | Western Pacific.  |

Activity codes which specify categories of fishing operations applied for are as follows:

| Activity code | Fishing operations  |
|---------------|---|
| 1             | Catching, processing and other support.   |
| 2             | Processing and other support only.  |
| 3             | Other support only.   |
| *             | Vessel(s) in support of U.S. vessels Joint Venture).  |
| **            | Cargo transport vessels with fish and finding equipment on board will receive an activity code 2 to enable them to perform both scouting as well as support activities. |

BILLING CODE 3510-22-M



| NATION | VESSEL NAME | VESSEL TYPE | APPLICATION NUMBER | FISHERY | ACTIVITY |
|--------|-------------|-------------|--------------------|---------|----------|
|--------|-------------|-------------|--------------------|---------|----------|

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## \*\*\*GOVERNMENT OF DENMARK

|  |            |                        |            |     |   |
|--|------------|------------------------|------------|-----|---|
|  | ICE FLOWER | CARGO/TRANSPORT VESSEL | DA-87-0003 | NWA | 3 |
|  | ICEBERG    | CARGO/TRANSPORT VESSEL | DA-87-0001 | NWA | 3 |
|  | ICEBLINK   | CARGO/TRANSPORT VESSEL | DA-87-0002 | NWA | 3 |
|  | ICEPORT    | CARGO/TRANSPORT VESSEL | DA-87-0004 | NWA | 3 |
|  | SNOWDROP   | CARGO/TRANSPORT VESSEL | DA-87-0007 | NWA | 3 |

## \*\*\*GOVERNMENT OF THE GERMAN DEMOCRATIC REPUBLIC

|  |                 |                        |            |     |    |
|--|-----------------|------------------------|------------|-----|----|
|  | BODO UHSE       | LARGE STERN TRAWLER    | GC-87-0040 | NWA | 1* |
|  | FRITZ DETTMANN  | LARGE STERN TRAWLER    | GC-87-0057 | NWA | 1* |
|  | HANS MARCHWITZA | LARGE STERN TRAWLER    | GC-87-0052 | NWA | 1* |
|  | HEINZ DADUNA    | LARGE STERN TRAWLER    | GC-87-0058 | NWA | 1* |
|  | LICHTENHAGEN    | CARGO/TRANSPORT VESSEL | GC-87-0055 | NWA | 3  |
|  | LUDWIG RENN     | LARGE STERN TRAWLER    | GC-87-0054 | NWA | 1* |
|  | REUTERSHAGEN    | CARGO/TRANSPORT VESSEL | GC-87-0056 | NWA | 3  |
|  | WILLI BREDEL    | LARGE STERN TRAWLER    | GC-87-0024 | NWA | 1* |

## \*\*\*GOVERNMENT OF ITALY

|  |                |                      |            |     |    |
|--|----------------|----------------------|------------|-----|----|
|  | CARLO DI FAZIO | MEDIUM STERN TRAWLER | IT-87-0015 | NWA | 1* |
|  | COSETTA        | MEDIUM STERN TRAWLER | IT-87-0005 | NWA | 1* |



| NATION                 | VESSEL NAME<br>VESSEL TYPE                  | APPLICATION<br>NUMBER | FISHERY | ACTIVITY |
|------------------------|---|-----------------------|---------|----------|
|                        | DE GIOSA GIUSEPPE<br>MEDIUM STERN TRAWLER   | IT-87-0016            | NWA     | 1*       |
|                        | DEGIOSA T.<br>MEDIUM STERN TRAWLER          | IT-87-0004            | NWA     | 1*       |
|                        | GIOVANNI CEFALU<br>MEDIUM STERN TRAWLER     | IT-87-0022            | NWA     | 1*       |
|                        | MARIA C.<br>MEDIUM STERN TRAWLER            | IT-87-0021            | NWA     | 1*       |
|                        | MARIA MICHELA<br>MEDIUM STERN TRAWLER       | IT-87-0024            | NWA     | 1*       |
|                        | TONTINI PESCA QUARTO<br>LARGE STERN TRAWLER | IT-87-0003            | NWA     | 1*       |
|                        | TONTINI PESCA TERZO<br>MEDIUM STERN TRAWLER | IT-87-0002            | NWA     | 1*       |
| ***GOVERNMENT OF JAPAN |   |                       |         |          |
|                        | KASHIMA MARU NO. 8<br>SMALL STERN TRAWLER   | JA-87-0183            | BSA     | 1*       |
|                        | AKASHI MARU NO. 11<br>PAIR TRAWLER          | JA-87-1530            | BSA     | 1        |
|                        | AKASHI MARU NO. 18<br>PAIR TRAWLER          | JA-87-0178            | BSA     | 1        |
|                        | AKASHI MARU NO. 66<br>PAIR TRAWLER          | JA-87-0168            | BSA     | 1        |
|                        | AKASHI MARU NO. 67<br>PAIR TRAWLER          | JA-87-0169            | BSA     | 1        |
|                        | AKASHI MARU NO. 68<br>PAIR TRAWLER          | JA-87-0170            | BSA     | 1        |
|                        | AKASHI MARU NO. 69<br>PAIR TRAWLER          | JA-87-0171            | BSA     | 1        |
|                        | AKASHI MARU NO. 71<br>PAIR TRAWLER          | JA-87-0172            | BSA     | 1        |
|                        | AKASHI MARU NO. 72<br>PAIR TRAWLER          | JA-87-0173            | BSA     | 1        |
|                        | AKASHI MARU NO. 73<br>PAIR TRAWLER          | JA-87-0174            | BSA     | 1        |



| NATION                                      | APPLICATION NUMBER | FISHERY               | ACTIVITY |
|---|--------------------|-----------------------|----------|
| VESSEL NAME<br>VESSEL TYPE                  |                    |                       |          |
| AKASHI MARU NO. 75<br>PAIR TRAWLER          | JA-87-0175         | BSA                   | 1        |
| AKASHI MARU NO. 76<br>PAIR TRAWLER          | JA-87-0176         | BSA                   | 1        |
| AKASHI MARU NO. 77<br>PAIR TRAWLER          | JA-87-0177         | BSA                   | 1*       |
| AKASHIA MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-1156         | BSA, GOA, NWA,<br>SNA | 3        |
| AKEBONO MARU NO. 15<br>MEDIUM STERN TRAWLER | JA-87-0312         | GOA                   | 1*       |
| AKEBONO MARU NO. 18<br>MEDIUM STERN TRAWLER | JA-87-0315         | BSA                   | 1        |
| AKEBONO MARU NO. 77<br>LARGE STERN TRAWLER  | JA-87-0157         | BSA                   |          |
| AKIHO MARU<br>PAIR TRAWLER                  | JA-87-0061         | BSA                   | 1        |
| AKISHIO MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-0096         | BSA, GOA, NWA         | 3        |
| ALBATROSS<br>CARGO/TRANSPORT VESSEL         | JA-87-0081         | BSA, GOA, NWA         | 3        |
| ANYO MARU NO. 11<br>MEDIUM STERN TRAWLER    | JA-87-0541         | BSA                   | 1*       |
| ANYO MARU NO. 17<br>MEDIUM STERN TRAWLER    | JA-87-0496         | BSA                   | 1        |
| ANYO MARU NO. 21<br>LONGLINE FISHING VESSEL | JA-87-0621         | BSA, GOA              | 1        |
| ANYO MARU NO. 22<br>LONGLINE FISHING VESSEL | JA-87-0622         | BSA, GOA              | 1        |
| ANYO MARU NO. 15<br>MEDIUM STERN TRAWLER    | JA-87-0104         | BSA                   | 1*       |
| AOBA MARU<br>PAIR TRAWLER                   | JA-87-0116         | BSA                   | 1        |
| AOSHIMA MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-0155         | BSA, GOA, NWA         | 3        |



| NATION                                       | APPLICATION | FISHERY                   | ACTIVITY |
|--|-------------|---------------------------|----------|
| VESSEL NAME                                  | NUMBER      |                           |          |
| VESSEL TYPE                                  |             |                           |          |
| AOYAGI MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0026  | BSA, GOA, NWA<br>SNA      | 3        |
| BANSHU MARU NO. 6<br>LARGE STERN TRAWLER     | JA-87-0373  | NWA                       | 1        |
| BANSHU MARU NO. 7<br>LARGE STERN TRAWLER     | JA-87-0374  | NWA                       | 1        |
| BANYO MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0099  | BSA, GOA, NWA,<br>SNA     | 2**      |
| BERING MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1159  | BSA, GOA, NWA,<br>SNA     | 2**      |
| BIYO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0598  | BSA, GOA, NWA,<br>SNA WOC | 3        |
| BIZEN REEFER<br>CARGO/TRANSPORT VESSEL       | JA-87-0037  | BSA, GOA, NWA,<br>SNA     | 3        |
| BUNGO REEFER<br>CARGO/TRANSPORT VESSEL       | JA-87-0038  | BSA, GOA, NWA,<br>SNA     | 3        |
| CAMBRIDGE REEFER<br>CARGO/TRANSPORT VESSEL   | JA-87-0036  | BSA, GOA, NWA,<br>SNA     | 2**      |
| CHITOSE MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0180  | BSA, GOA, NWA,<br>SNA     | 3        |
| CHOYO MARU NO. 81<br>LONGLINE FISHING VESSEL | JA-87-0615  | BSA, GOA                  | 1        |
| CHOYOH MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0574  | BSA, GOA, NWA,<br>SNA     | 3        |
| DAIAN MARU NO. 128<br>SMALL STERN TRAWLER    | JA-87-1573  | BSA                       | 1        |
| DAIAN MARU NO. 188<br>MEDIUM STERN TRAWLER   | JA-87-0553  | BSA                       | 1*       |
| DAIGEN MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1147  | BSA, GOA, NWA             | 3        |
| DAIKAN MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0033  | BSA, GOA, NWA             | 3        |
| DAIKICHI MARU NO.1<br>SMALL STERN TRAWLER    | JA-87-1198  | BSA                       | 1        |
| DAIKICHI MARU NO.5<br>SMALL STERN TRAWLER    | JA-87-0187  | BSA                       | 1        |



| NATION | VESSEL NAME<br>VESSEL TYPE                   | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|--------|--|-----------------------|-----------------------|----------|
|        | DAIKICHI MARU NO. 51<br>MEDIUM STERN TRAWLER | JA-87-0484            | BSA                   | 1        |
|        | DAIKOH MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0021            | BSA, NWA              | 3        |
|        | DAIRYO MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1002            | BSA, GOA, NWA         | 3        |
|        | DAISHO MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0035            | BSA, GOA, NWA         | 3        |
|        | DAITO MARU NO. 68<br>SMALL STERN TRAWLER     | JA-87-1565            | BSA                   | 1        |
|        | DOUGLAS<br>CARGO/TRANSPORT VESSEL            | JA-87-2028            | BSA, GOA, NWA         | 3        |
|        | EAST WIND<br>CARGO/TRANSPORT VESSEL          | JA-87-0131            | BSA, GOA, NWA,<br>SNA | 3        |
|        | EASTERN REEFER<br>CARGO/TRANSPORT VESSEL     | JA-87-0600            | BSA, GOA, NWA,<br>SNA | 3        |
|        | EBISU FONTAINE<br>CARGO/TRANSPORT VESSEL     | JA-87-0589            | BSA, GOA, NWA         | 3        |
|        | EBISU MARU NO. 88<br>LONGLINE FISHING VESSEL | JA-87-0118            | BSA, GOA              | 1        |
|        | EIHO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-1062            | BSA, GOA              | 3        |
|        | EIKYU MARU NO. 11<br>MEDIUM STERN TRAWLER    | JA-87-0300            | BSA                   | 1        |
|        | EIKYU MARU NO. 12<br>LONGLINE FISHING VESSEL | JA-87-0124            | BSA, GOA              | 1        |
|        | EIKYU MARU NO. 2<br>MEDIUM STERN TRAWLER     | JA-87-0299            | BSA                   | 1        |
|        | EIKYU MARU NO. 3<br>MEDIUM STERN TRAWLER     | JA-87-1174            | BSA                   | 1        |
|        | EIKYU MARU NO. 35<br>MEDIUM STERN TRAWLER    | JA-87-0511            | BSA                   | 1        |
|        | EIKYU MARU NO. 8<br>MEDIUM STERN TRAWLER     | JA-87-1571            | BSA                   | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE            | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|---|-----------------------|-----------------------|----------|
| EIKYU MARU NO. 81<br>MEDIUM STERN TRAWLER       | JA-87-0082            | BSA                   | 1        |
| EIKYU MARU NO. 86<br>SMALL STERN TRAWLER        | JA-87-1186            | BSA                   | 1        |
| EIWA MARU NO. 38<br>POT FISHING VESSEL          | JA-87-1568            | SNA                   | 1        |
| EIYO MARU (B)<br>CARGO/TRANSPORT VESSEL         | JA-87-0109            | BSA, GOA, NWA,<br>SNA | 2**      |
| ENA MARU<br>CARGO/TRANSPORT VESSEL              | JA-87-0577            | BSA, GOA, NWA         | 3        |
| ENYOH MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0086            | BSA, GOA, NWA,<br>SNA | 3        |
| ETSUYOH MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0089            | BSA, GOA, NWA,<br>SNA | 3        |
| FALCON<br>CARGO/TRANSPORT VESSEL                | JA-87-0918            | BSA, GOA, NWA         | 3        |
| FUJI REEFER<br>CARGO/TRANSPORT VESSEL           | JA-87-0908            | BSA, GOA, NWA,<br>SNA | 3        |
| FUJISHIO MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0594            | BSA, GOA, NWA         | 3        |
| FUKUCHO MARU NO. 11<br>SMALL STERN TRAWLER      | JA-87-1537            | BSA                   | 1        |
| FUKUCHO MARU NO. 38<br>POT FISHING VESSEL       | JA-87-3669            | SNA                   | 1        |
| FUKUHO MARU NO. 18<br>MEDIUM STERN TRAWLER      | JA-87-0528            | BSA                   | 1*       |
| FUKUSHIO MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-1539            | BSA, GOA, NWA         | 3        |
| FUKUYO MARU (B)<br>CARGO/TRANSPORT VESSEL       | JA-87-1025            | BSA, GOA, NWA,<br>SNA | 2**      |
| FUKUYOSHI MARU NO. 58<br>SMALL STERN TRAWLER    | JA-87-1536            | BSA                   | 1        |
| FUKUYOSHI MARU NO. 8<br>LONGLINE FISHING VESSEL | JA-87-0624            | BSA, GOA              | 1        |



| NATION | VESSEL NAME<br>VESSEL TYPE                       | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|--------|--|-----------------------|-----------------------|----------|
|        | FUKUYOSHI MARU NO. 85<br>LONGLINE FISHING VESSEL | JA-87-0603            | BSA, GOA              | 1        |
|        | FUYO MARU<br>CARGO/TRANSPORT VESSEL              | JA-87-0925            | BSA, GOA, NWA         | 3        |
|        | HABOMAI MARU NO. 88<br>LONGLINER/GILLNET         | JA-87-0159            | ABS                   | 1        |
|        | HAKKO BOOMERANG<br>CARGO/TRANSPORT VESSEL        | JA-87-0881            | BSA, GOA, NWA         | 3        |
|        | HAKKO CARDIOID<br>CARGO/TRANSPORT VESSEL         | JA-87-0882            | BSA, GOA, NWA         | 3        |
|        | HAKKO FONTAINE<br>CARGO/TRANSPORT VESSEL         | JA-87-0587            | BSA, GOA, NWA         | 3        |
|        | HAKUREI MARU<br>PAIR TRAWLER                     | JA-87-0013            | BSA                   | 1        |
|        | HAKUYO MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0570            | BSA, GOA, NWA,<br>SNA | 3        |
|        | HAMANASU<br>CARGO/TRANSPORT VESSEL               | JA-87-0133            | BSA, GOA, NWA,<br>SNA | 3        |
|        | HAMANASU MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0883            | BSA, GOA, NWA,<br>SNA | 3        |
|        | HAMAYOSHI MARU NO. 63<br>MEDIUM STERN TRAWLER    | JA-87-1187            | BSA                   | 1        |
|        | HANAZONO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0147            | BSA, GOA, NWA,<br>SNA | 3        |
|        | HARUSHIO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0582            | BSA, GOA, NWA         | 3        |
|        | HATSUE MARU NO. 68<br>LONGLINE FISHING VESSEL    | JA-87-0562            | BSA, GOA              | 1        |
|        | HIKARI MARU NO. 8<br>CARGO/TRANSPORT VESSEL      | JA-87-0142            | BSA, GOA, NWA         | 3        |
|        | HIYO MARU<br>CARGO/TRANSPORT VESSEL              | JA-87-2025            | BSA, GOA, NWA,<br>SNA | 2**      |
|        | HIYOSHI MARU<br>CARGO/TRANSPORT VESSEL           | JA-87-0075            | BSA, GOA, NWA,<br>SNA | 3        |
|        | HOKKAI MARU<br>PAIR TRAWLER                      | JA-87-0012            | BSA                   | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE       | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|--|-----------------------|-----------------------|----------|
| HOKKAI MARU (B)<br>CARGO/TRANSPORT VESSEL  | JA-87-0922            | BSA, GOA, NWA,<br>SNA | 3        |
| HOKKO MARU NO. 137<br>SMALL STERN TRAWLER  | JA-87-1199            | BSA                   | 1        |
| HOKKO MARU NO. 17<br>DANISH SEINER         | JA-87-0050            | BSA                   | 1        |
| HOKO MARU NO. 31<br>CARGO/TRANSPORT VESSEL | JA-87-1083            | BSA, GOA, NWA,<br>SNA | 2**      |
| HOKUSHIN MARU<br>PAIR TRAWLER              | JA-87-0014            | BSA                   | 1        |
| HOKUSHIN MARU<br>CARGO/TRANSPORT VESSEL    | JA-87-0138            | BSA, GOA, NWA,<br>SNA | 3        |
| HOKUTO MARU<br>PAIR TRAWLER                | JA-87-0015            | BSA                   | 1        |
| HOKUYU MARU NO. 68<br>MEDIUM STERN TRAWLER | JA-87-1177            | BSA                   | 1        |
| HOYO MARU<br>FACTORY SHIP                  | JA-87-0190            | BSA                   | 2**      |
| HOYO MARU NO. 63<br>POT FISHING VESSEL     | JA-87-0862            | SNA                   | 1        |
| HOYO MARU NO. 68<br>POT FISHING VESSEL     | JA-87-0840            | SNA                   | 1        |
| HOZAN MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0194            | BSA, GOA, NWA         | 3        |
| ISHIKARI MARU<br>CARGO/TRANSPORT VESSEL    | JA-87-0595            | BSA, GOA, NWA,<br>SNA | 3        |
| ISOKAZE MARU<br>CARGO/TRANSPORT VESSEL     | JA-87-1038            | BSA, GOA, NWA,<br>SNA | 3        |
| IZUMO REEFER<br>CARGO/TRANSPORT VESSEL     | JA-87-0053            | BSA, GOA, NWA,<br>SNA | 3        |
| JAMES<br>CARGO/TRANSPORT VESSEL            | JA-87-0584            | BSA, GOA, NWA         | 3        |
| JINKYU MARU NO. 21<br>LONGLINER/GILLNET    | JA-87-0191            | ABS                   | 1        |



| NATION                                    | APPLICATION | FISHERY                   | ACTIVITY |
|---|-------------|---------------------------|----------|
| VESSEL NAME                               | NUMBER      |                           |          |
| VESSEL TYPE                               |             |                           |          |
| JINYO-MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-1132  | BSA, GOA, NWA,<br>SNA     | 3        |
| JUKYU MARU NO. 58<br>SMALL STERN TRAWLER  | JA-87-0635  | BSA                       | 1        |
| KAIUN MARU NO. 62<br>DANISH SEINER        | JA-87-1482  | BSA                       | 1        |
| KAIUN MARU NO. 65<br>MEDIUM STERN TRAWLER | JA-87-2010  | BSA                       | 1        |
| KAIUN MARU NO. 78<br>DANISH SEINER        | JA-87-0092  | BSA                       | 1        |
| KAIYO MARU NO. 15<br>MEDIUM STERN TRAWLER | JA-87-1176  | BSA                       | 1        |
| KAIYO MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-0088  | BSA, GOA, NWA,<br>SNA WOC | 3        |
| KAIYO MARU NO. 8<br>POT FISHING VESSEL    | JA-87-1137  | SNA                       | 1        |
| KAIYO MARU NO. 18<br>SMALL STERN TRAWLER  | JA-87-0079  | BSA                       | 1        |
| KAIYO MARU NO. 7<br>MEDIUM STERN TRAWLER  | JA-87-0431  | BSA                       | 1        |
| KAIYO MARU NO. 5                          | JA-87-0849  | SNA                       | 1        |
| KAKUYO MARU NO. 1<br>PAIR TRAWLER         | JA-87-0210  | BSA                       | 1        |
| KAKUYO MARU NO. 11<br>PAIR TRAWLER        | JA-87-2008  | BSA                       | 1        |
| KAKUYO MARU NO. 12<br>PAIR TRAWLER        | JA-87-2009  | BSA                       | 1        |
| KAKUYO MARU NO. 2<br>PAIR TRAWLER         | JA-87-0211  | BSA                       | 1        |
| KAKUYO MARU NO. 7<br>PAIR TRAWLER         | JA-87-0214  | BSA                       | 1        |
| KAKUYO MARU NO. 8<br>PAIR TRAWLER         | JA-87-0215  | BSA                       | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE             | APPLICATION<br>NUMBER | FISHERY                   | ACTIVITY |
|--|-----------------------|---------------------------|----------|
| KASHIMA MARU<br>FACTORY SHIP                     | JA-87-0001            | BSA, GOA, SNA             | 2**      |
| KASHIMA REEFER<br>CARGO/TRANSPORT VESSEL         | JA-87-0054            | BSA, GOA, NWA,<br>SNA     | 3        |
| KASHIWAGI MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0019            | BSA, GOA, NWA,<br>SNA     | 3        |
| KASHIWAHANA MARU NO. 1<br>CARGO/TRANSPORT VESSEL | JA-87-0384            | BSA, GOA                  | 3        |
| KASUGA MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0181            | BSA, GOA, NWA,<br>SNA     | 3        |
| KASUGA REEFER<br>CARGO/TRANSPORT VESSEL          | JA-87-0055            | BSA, GOA, NWA,<br>SNA     | 3        |
| KATAH<br>CARGO/TRANSPORT VESSEL                  | JA-87-0148            | BSA, GOA, NWA             | 3        |
| KATORI MARU<br>PAIR TRAWLER                      | JA-87-0114            | BSA                       | 1        |
| KATSUKI MARU<br>PAIR TRAWLER                     | JA-87-0115            | BSA                       | 1        |
| KAZU MARU NO. 8<br>CARGO/TRANSPORT VESSEL        | JA-87-0143            | BSA, GOA, NWA             | 3        |
| KEIFU MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0572            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| KEIYO MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0102            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| KINYO MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0103            | BSA, GOA, NWA,<br>SNA     | 2**      |
| KISARAGI MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0929            | BSA, GOA, NWA,<br>SNA     | 3        |
| KISHIN MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-1165            | BSA, GOA, NWA,<br>SNA     | 3        |
| KIYO MARU NO. 55<br>LONGLINE FISHING VESSEL      | JA-87-0602            | BSA, GOA                  | 1        |
| KOEI MARU #56<br>LONGLINE FISHING VESSEL         | JA-87-0618            | BSA, GOA                  | 1        |
| KOEI MARU NO. 10<br>LONGLINER/GILLNET            | JA-87-0149            | BSA, GOA                  | 1        |



| NATION | VESSEL NAME<br>VESSEL TYPE                   | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|--------|--|-----------------------|-----------------------|----------|
|        | KOEI MARU NO. 8<br>LONGLINER/GILLNET         | JA-87-0188            | ABS                   | 1        |
|        | KOEI MARU NO.15<br>MEDIUM STERN TRAWLER      | JA-87-1396            | BSA                   | 1        |
|        | KOEI MARU NO.51<br>MEDIUM STERN TRAWLER      | JA-87-1173            | BSA                   | 1        |
|        | KOHFU MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0641            | BSA, GOA, NWA,<br>SNA | 3        |
|        | KOHOKU MARU NO. 18<br>POT FISHING VESSEL     | JA-87-0839            | BSA, GOA, SNA         | 1        |
|        | KOHOKU MARU NO.7<br>SMALL STERN TRAWLER      | JA-87-1191            | BSA                   | 1        |
|        | KOHSHO MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0579            | BSA, GOA, NWA         | 3        |
|        | KOMEI MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0139            | BSA, GOA, NWA,<br>SNA | 3        |
|        | KORYO MARU NO. 108<br>MEDIUM STERN TRAWLER   | JA-87-0421            | BSA                   | 1        |
|        | KORYO MARU NO. 15<br>LONGLINE FISHING VESSEL | JA-87-1469            | ABS                   | 1        |
|        | KORYO MARU NO. 32<br>LONGLINER/GILLNET       | JA-87-0189            | ABS                   | 1        |
|        | KORYO MARU NO.6<br>LONGLINER/GILLNET         | JA-87-1241            | ABS                   | 1        |
|        | KOSHIN MARU NO. 3<br>MEDIUM STERN TRAWLER    | JA-87-0192            | BSA, GOA              | 1        |
|        | KOSHIN MARU NO.21<br>SMALL STERN TRAWLER     | JA-87-1503            | BSA                   | 1        |
|        | KOTOKU MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1035            | BSA, GOA, NWA,<br>SNA | 2**      |
|        | KOYO MARU<br>LARGE STERN TRAWLER             | JA-87-0365            | NWA                   | 1        |
|        | KUNASHIRI MARU<br>CARGO/TRANSPORT VESSEL     | JA-87-1151            | BSA, GOA, NWA         | 3        |



| NATION   | APPLICATION | FISHERY               | ACTIVITY |
|--|-------------|-----------------------|----------|
| VESSEL NAME                                      | NUMBER      |                       |          |
| VESSEL TYPE                                      |             |                       |          |
| KUNISAKI<br>CARGO/TRANSPORT VESSEL               | JA-87-0899  | BSA, GOA, NWA         | 3        |
| KUREHA MARU<br>PAIR TRAWLER                      | JA-87-0011  | BSA                   | 1        |
| KYOKUSHIN MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-1161  | BSA, GOA, NWA,<br>SNA | 3        |
| KYOWA MARU NO. 15<br>MEDIUM STERN TRAWLER        | JA-87-0305  | BSA                   | 1        |
| KYOWA MARU NO. 8<br>POT FISHING VESSEL           | JA-87-0901  | SNA                   | 1        |
| LEVANTE<br>CARGO/TRANSPORT VESSEL                | JA-87-0141  | BSA, GOA, NWA         | 3        |
| MABAH<br>CARGO/TRANSPORT VESSEL                  | JA-87-0108  | BSA, GOA, NWA         | 3        |
| MANRYO MARU NO. 52<br>SMALL STERN TRAWLER        | JA-87-1189  | BSA                   | 1        |
| MARINE ACE<br>CARGO/TRANSPORT VESSEL             | JA-87-0002  | BSA, GOA, NWA,<br>SNA | 3        |
| MASHU MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0154  | BSA, GOA, NWA         | 3        |
| MATSUEI MARU NO. 88<br>LONGLINE FISHING VESSEL   | JA-87-0609  | BSA, GOA              | 1        |
| MEISHO MARU NO. 35<br>MEDIUM STERN TRAWLER       | JA-87-0522  | BSA                   | 1        |
| MEIYO-MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-1133  | BSA, GOA, NWA,<br>SNA | 3        |
| MIKAMI MARU<br>LARGE STERN TRAWLER               | JA-87-0368  | NWA                   | 1        |
| MINESHIMA MARU<br>FACTORY SHIP                   | JA-87-0080  | BSA                   | 1        |
| MITSU MARU NO. 51<br>DANISH SEINER (STERN CHUTE) | JA-87-1559  | BSA                   | 1        |
| MIYAJIMA MARU<br>FACTORY SHIP                    | JA-87-1540  | BSA, GOA              | 2**      |



| NATION<br>VESSEL NAME<br>VESSEL TYPE           | APPLICATION<br>NUMBER | FISHERY                   | ACTIVITY |
|--|-----------------------|---------------------------|----------|
| MIYOSHIMA MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0025            | BSA, GOA, NWA<br>SNA      | 2**      |
| MIZUHO MARU<br>PAIR TRAWLER                    | JA-87-0060            | BSA                       | 1        |
| MIZUHO REEFER<br>CARGO/TRANSPORT VESSEL        | JA-87-0016            | BSA, GOA, NWA,<br>SNA     | 3        |
| NANSHIN MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0057            | BSA, GOA, NWA,<br>SNA     | 3        |
| NICHIYO MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-1167            | BSA, GOA, NWA,<br>SNA     | 3        |
| NIHONKAI MARU<br>MEDIUM STERN TRAWLER          | JA-87-0369            | NWA                       | 1        |
| NIITAKA MARU<br>LARGE STERN TRAWLER            | JA-87-0289            | BSA, GOA, NWA             | 1        |
| NIPPONHAM MARU NO. 1<br>CARGO/TRANSPORT VESSEL | JA-87-1082            | BSA, GOA, NWA,<br>SNA     | 3        |
| NISSEI MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0914            | BSA, GOA, NWA,<br>SNA     | 3        |
| NISSEI MARU NO. 51<br>MEDIUM STERN TRAWLER     | JA-87-1188            | BSA                       | 1        |
| NOJIMA MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-1096            | BSA, GOA, NWA,<br>SNA     | 2**      |
| NORTH WIND<br>CARGO/TRANSPORT VESSEL           | JA-87-0125            | BSA, GOA, NWA,<br>SNA     | 3        |
| OHYO MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0158            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| OKUSHIRI<br>CARGO/TRANSPORT VESSEL             | JA-87-0580            | BSA, GOA, NWA,<br>SNA     | 3        |
| ORIENTAL CRANE<br>TANKER FUEL/WATER            | JA-87-0184            | BSA, GOA, SNA             | 3        |
| ORION<br>CARGO/TRANSPORT VESSEL                | JA-87-0642            | BSA, GOA, NWA             | 3        |
| ORION<br>CARGO/TRANSPORT VESSEL                | JA-87-0591            | BSA, GOA, NWA             | 3        |
| OTOHA MARU<br>PAIR TRAWLER                     | JA-87-0010            | BSA                       | 1        |



| NATION  | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|---|-----------------------|-----------------------|----------|
| VESSEL NAME<br>VESSEL TYPE                    |                       |                       |          |
| OTOWA MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-1538            | BSA, GOA, NWA,<br>SNA | 3        |
| PALOMA<br>CARGO/TRANSPORT VESSEL              | JA-87-0098            | BSA, GOA, NWA         | 3        |
| PEGASAS<br>CARGO/TRANSPORT VESSEL             | JA-87-0152            | BSA, GOA, NWA         | 3        |
| PHOENIX<br>CARGO/TRANSPORT VESSEL             | JA-87-0917            | BSA, GOA, NWA         | 3        |
| PUNENTE<br>CARGO/TRANSPORT VESSEL             | JA-87-0132            | BSA, GOA, NWA         | 3        |
| REEFER BEAVER<br>CARGO/TRANSPORT VESSEL       | JA-87-1145            | BSA, GOA, NWA         | 3        |
| RISHIRI<br>CARGO/TRANSPORT VESSEL             | JA-87-0027            | BSA, GOA, NWA,<br>SNA | 3        |
| RYOAN MARU NO. 21<br>MEDIUM STERN TRAWLER     | JA-87-1172            | BSA                   | 1        |
| RYOAN MARU NO. 35<br>SMALL STERN TRAWLER      | JA-87-1195            | BSA                   | 1        |
| RYOUN MARU NO. 2<br>POT FISHING VESSEL        | JA-87-0877            | SNA                   | 1        |
| RYOYO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-1024            | BSA, GOA, NWA,<br>SNA | 2**      |
| RYUHO MARU NO. 38<br>LONGLINE FISHING VESSEL  | JA-87-0557            | BSA, GOA              | 1        |
| RYUHO MARU NO. 51<br>SMALL STERN TRAWLER      | JA-87-1572            | BSA                   | 1        |
| RYUJIN MARU NO. 21<br>SMALL STERN TRAWLER     | JA-87-0634            | BSA                   | 1        |
| RYUSEI MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0093            | BSA, GOA, NWA<br>SNA  | 3        |
| RYUSHO MARU NO. 15<br>LONGLINER/GILLNET       | JA-87-0619            | BSA, GOA              | 1        |
| RYUSHO MARU NO. 18<br>LONGLINE FISHING VESSEL | JA-87-0620            | BSA, GOA              | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE        | APPLICATION<br>NUMBER | FISHERY                   | ACTIVITY |
|---|-----------------------|---------------------------|----------|
| SACHISHIO MARU<br>CARGO/TRANSPORT VESSEL    | JA-87-0097            | BSA, GOA, NWA             | 3        |
| SAGAMI MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0146            | BSA, GOA, NWA,<br>SNA     | 2**      |
| SANUKI MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0915            | BSA, GOA, NWA             | 3        |
| SANWA FONTAINE<br>CARGO/TRANSPORT VESSEL    | JA-87-0590            | BSA, GOA, NWA             | 3        |
| SAPPORO MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-0585            | BSA, GOA, NWA,<br>SNA     | 3        |
| SEAGULL<br>CARGO/TRANSPORT VESSEL           | JA-87-0034            | BSA, GOA, NWA             | 3        |
| SEIJU MARU NO.28<br>MEDIUM STERN TRAWLER    | JA-87-0465            | BSA                       | 1        |
| SEITOKU MARU NO.106<br>MEDIUM STERN TRAWLER | JA-87-0411            | BSA                       | 1        |
| SEIYOH MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0583            | BSA, GOA, NWA,<br>SNA     | 3        |
| SEKI REX<br>CARGO/TRANSPORT VESSEL          | JA-87-1148            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| SHIDAKA MARU<br>CARGO/TRANSPORT VESSEL      | JA-87-0179            | BSA, GOA, NWA,<br>SNA     | 3        |
| SHIGA MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1012            | BSA, GOA, NWA             | 3        |
| SHIKISHIMA MARU<br>CARGO/TRANSPORT VESSEL   | JA-87-0030            | BSA, GOA, NWA,<br>SNA     | 2**      |
| SHIN SAKURA<br>CARGO/TRANSPORT VESSEL       | JA-87-0153            | BSA, GOA, NWA             | 3        |
| SHINASAHI MARU<br>CARGO/TRANSPORT VESSEL    | JA-87-0578            | BSA, GOA, NWA,<br>SNA     | 3        |
| SHINBUNGO MARU<br>CARGO/TRANSPORT VESSEL    | JA-87-0047            | BSA, GOA, NWA             | 3        |
| SHINEI MARU NO. 63<br>SMALL STERN TRAWLER   | JA-87-1196            | BSA                       | 1*       |



| NATION  | APPLICATION | FISHERY                   | ACTIVITY |
|---|-------------|---------------------------|----------|
| VESSEL NAME                                     | NUMBER      |                           |          |
| VESSEL TYPE                                     |             |                           |          |
| SHINKO MARU NO. 11<br>LONGLINE FISHING VESSEL   | JA-87-0119  | BSA, GOA                  | 1        |
| SHINMEI MARU NO. 78<br>LONGLINE FISHING VESSEL  | JA-87-1569  | ABS                       | 1        |
| SHINNICHI MARU NO. 38<br>MEDIUM STERN TRAWLER   | JA-87-0563  | BSA                       | 1*       |
| SHINRYU MARU NO. 18<br>CARGO/TRANSPORT VESSEL   | JA-87-0906  | BSA, GOA, NWA,<br>SNA     | 2**      |
| SHINSEI MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0890  | BSA, GOA, NWA             | 3        |
| SHINSHO MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-0640  | BSA, GOA, NWA,<br>SNA     | 3        |
| SHINTAKARA MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0046  | BSA, GOA, NWA             | 3        |
| SHINTOKU MARU NO. 25<br>LONGLINE FISHING VESSEL | JA-87-0613  | BSA, GOA                  | 1        |
| SHINWA MARU<br>CARGO/TRANSPORT VESSEL           | JA-87-0137  | BSA, GOA, NWA,<br>SNA     | 3        |
| SHINYO MARU<br>CARGO/TRANSPORT VESSEL           | JA-87-0074  | BSA, GOA, NWA,<br>SNA WOC | 3        |
| SHOEI MARU NO. 1<br>LONGLINE FISHING VESSEL     | JA-87-1570  | ABS                       | 1        |
| SHOEI MARU NO. 5<br>SMALL STERN TRAWLER         | JA-87-0639  | BSA                       | 1        |
| SHOJU MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0134  | BSA, GOA, NWA,<br>SNA     | 3        |
| SHOKEN MARU<br>CARGO/TRANSPORT VESSEL           | JA-87-0930  | BSA, GOA, NWA,<br>SNA     | 3        |
| SHOSHIN MARU NO. 20<br>MEDIUM STERN TRAWLER     | JA-87-1178  | BSA                       | 1        |
| SHOTOKU MARU NO. 63<br>SMALL STERN TRAWLER      | JA-87-1194  | BSA                       | 1        |
| SHOUTOKU MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0028  | BSA, GOA, NWA,<br>SNA     | 3        |
| SHOYO MARU (A)<br>MEDIUM STERN TRAWLER          | JA-87-1394  | BSA                       | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE             | APPLICATION<br>NUMBER | FISHERY                   | ACTIVITY |
|--|-----------------------|---------------------------|----------|
| SHOYO MARU (B)<br>CARGO/TRANSPORT VESSEL         | JA-87-1563            | BSA, GOA, NWA,<br>SNA     | 3        |
| SHUNYO MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0136            | BSA, GOA, NWA,<br>SNA     | 3        |
| SHUNYOO MARU NO. 118<br>MEDIUM STERN TRAWLER     | JA-87-0564            | BSA                       | 1*       |
| SINGAPORE FONTAINE<br>CARGO/TRANSPORT VESSEL     | JA-87-0586            | BSA, GOA, NWA             | 3        |
| SKY REEFER<br>CARGO/TRANSPORT VESSEL             | JA-87-0907            | BSA, GOA, NWA,<br>SNA     | 3        |
| SKYLARK<br>CARGO/TRANSPORT VESSEL                | JA-87-0023            | BSA, GOA, NWA             | 3        |
| SOUTHERN CROSS<br>CARGO/TRANSPORT VESSEL         | JA-87-0156            | BSA, GOA, NWA             | 3        |
| SOUTHERN REEFER<br>CARGO/TRANSPORT VESSEL        | JA-87-0145            | BSA, GOA, NWA,<br>SNA     | 3        |
| SOYO MARU<br>FACTORY SHIP                        | JA-87-0240            | BSA, GOA                  | 2**      |
| SOYOKAZE MARU<br>CARGO/TRANSPORT VESSEL          | JA-87-1040            | BSA, GOA, NWA,<br>SNA     | 3        |
| STARLING<br>CARGO/TRANSPORT VESSEL               | JA-87-0024            | BSA, GOA, NWA             | 3        |
| SUIYO MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0575            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| SUMI MARU NO. 15<br>LONGLINER/GILLNET            | JA-87-1329            | ABS                       | 1        |
| SUMI MARU NO. 18<br>LONGLINE FISHING VESSEL      | JA-87-1491            | ABS                       | 1        |
| SUMIYOSHI MARU NO. 53<br>LONGLINE FISHING VESSEL | JA-87-0608            | BSA, GOA                  | 1        |
| SUN BEAUTY<br>CARGO/TRANSPORT VESSEL             | JA-87-0129            | BSA, GOA, NWA,<br>SNA     | 3        |
| SUN FIELD<br>CARGO/TRANSPORT VESSEL              | JA-87-0130            | BSA, GOA, NWA,<br>SNA     | 3        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE          | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|---|-----------------------|-----------------------|----------|
| SUN HAPPINESS<br>CARGO/TRANSPORT VESSEL       | JA-87-0891            | BSA, GOA, NWA,<br>SNA | 3        |
| SUNBIRD<br>CARGO/TRANSPORT VESSEL             | JA-87-0576            | BSA, GOA, NWA         | 3        |
| SUOH<br>CARGO/TRANSPORT VESSEL                | JA-87-0893            | BSA, GOA, NWA,<br>SNA | 3        |
| SURUGA MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-2014            | BSA, GOA, NWA,<br>SNA | 3        |
| SUZUKA MARU<br>LARGE STERN TRAWLER            | JA-87-0363            | NWA                   | 1        |
| SUZURAN<br>CARGO/TRANSPORT VESSEL             | JA-87-0128            | BSA, GOA, NWA,<br>SNA | 3        |
| SUZURAN MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-1152            | BSA, GOA, NWA,<br>SNA | 3        |
| SWALLOW<br>CARGO/TRANSPORT VESSEL             | JA-87-0032            | BSA, GOA, NWA         | 3        |
| TAISEI MARU NO. 101<br>CARGO/TRANSPORT VESSEL | JA-87-1144            | BSA, GOA, NWA,<br>SNA | 2**      |
| TAISEI MARU NO. 3<br>CARGO/TRANSPORT VESSEL   | JA-87-0085            | BSA, GOA, NWA,<br>SNA | 2**      |
| TAISEI MARU NO. 35<br>MEDIUM STERN TRAWLER    | JA-87-0636            | BSA                   | 1        |
| TAISEI MARU NO. 52<br>CARGO/TRANSPORT VESSEL  | JA-87-1055            | BSA, GOA, NWA,<br>SNA | 2**      |
| TAISEI MARU NO. 87<br>CARGO/TRANSPORT VESSEL  | JA-87-1053            | BSA, GOA, NWA,<br>SNA | 2**      |
| TAISEI MARU NO. 98<br>CARGO/TRANSPORT VESSEL  | JA-87-1054            | BSA, GOA, NWA,<br>SNA | 2**      |
| TAISEI MARU NO. 16<br>MEDIUM STERN TRAWLER    | JA-87-0450            | BSA                   | 1        |
| TAISETSU MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0193            | BSA, GOA, NWA,<br>SNA | 3        |
| TAIYO MARU NO. 83<br>MEDIUM STERN TRAWLER     | JA-87-0380            | NWA                   | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE             | APPLICATION<br>NUMBER | FISHERY                   | ACTIVITY |
|--|-----------------------|---------------------------|----------|
| TAKATSUKI MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-2022            | BSA, GOA, NWA<br>SNA      | 3        |
| TAKUYO MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0029            | BSA, GOA, NWA,<br>SNA     | 3        |
| TAMA MARU<br>CARGO/TRANSPORT VESSEL              | JA-87-1027            | BSA, GOA, NWA,<br>SNA     | 2**      |
| TEISHO MARU NO. 18<br>MEDIUM STERN TRAWLER       | JA-87-0535            | BSA                       | 1*       |
| TENKAI MARU<br>TANKER FUEL/WATER                 | JA-87-0894            | BSA, GOA, SNA             | 3        |
| TENSHUN MARU<br>TANKER FUEL/WATER                | JA-87-0182            | BSA, GOA, SNA             | 3        |
| TENYO MARU NO. 3<br>LARGE STERN TRAWLER          | JA-87-0333            | BSA, GOA                  | 1*       |
| TENYU MARU NO. 28<br>DANISH SEINER (STERN CHUTE) | JA-87-1483            | BSA                       | 1        |
| TENYU MARU NO. 37<br>LONGLINE FISHING VESSEL     | JA-87-0616            | BSA, GOA                  | 1        |
| TENYU MARU NO. 57<br>SMALL STERN TRAWLER         | JA-87-0637            | BSA                       | 1        |
| TOHFU MARU<br>CARGO/TRANSPORT VESSEL             | JA-87-0916            | BSA, GOA, NWA,<br>SNA     | 3        |
| TOKACHI MARU<br>LARGE STERN TRAWLER              | JA-87-0360            | NWA                       | 1        |
| TOKACHI MARU (B)<br>CARGO/TRANSPORT VESSEL       | JA-87-0359            | BSA, GOA, NWA,<br>SNA     | 3        |
| TOKIWA MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0631            | BSA, GOA, NWA,<br>SNA     | 3        |
| TOKUKO MARU<br>CARGO/TRANSPORT VESSEL            | JA-87-0593            | BSA, GOA, NWA             | 3        |
| TOKURYU MARU<br>CARGO/TRANSPORT VESSEL           | JA-87-0592            | BSA, GOA, NWA             | 3        |
| TOKYO REEFER<br>CARGO/TRANSPORT VESSEL           | JA-87-1135            | BSA, GOA, NWA,<br>SNA WOC | 3        |
| TOMI MARU NO. 51<br>SMALL STERN TRAWLER          | JA-87-1197            | BSA                       | 1        |



| NATION | VESSEL NAME<br>VESSEL TYPE                   | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|--------|--|-----------------------|-----------------------|----------|
|        | TOMI MARU NO. 55<br>MEDIUM STERN TRAWLER     | JA-87-0437            | BSA                   | 1        |
|        | TOMI MARU NO. 81<br>SMALL STERN TRAWLER      | JA-87-1192            | BSA                   | 1        |
|        | TOMI MARU NO. 88<br>LONGLINE FISHING VESSEL  | JA-87-0612            | BSA, GOA              | 1        |
|        | TOMI MARU NO. 82<br>SMALL STERN TRAWLER      | JA-87-1193            | BSA                   | 1        |
|        | TORA MARU NO. 58<br>SMALL STERN TRAWLER      | JA-87-1190            | BSA                   | 1        |
|        | TOSHIN MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0056            | BSA, GOA, NWA,<br>SNA | 3        |
|        | TOYOSHIMA MARU<br>PAIR TRAWLER               | JA-87-0123            | BSA                   | 1        |
|        | TSUNE MARU NO. 31<br>LONGLINE FISHING VESSEL | JA-87-0601            | BSA, GOA              | 1        |
|        | TSURUSAKI<br>CARGO/TRANSPORT VESSEL          | JA-87-0630            | BSA, GOA, NWA,<br>SNA | 3        |
|        | TSUSHIMA MARU<br>PAIR TRAWLER                | JA-87-0071            | BSA                   | 1        |
|        | WAKABA MARU<br>PAIR TRAWLER                  | JA-87-0117            | BSA                   | 1        |
|        | WASHIMA MARU<br>PAIR TRAWLER                 | JA-87-0122            | BSA                   | 1        |
|        | WESTERN REEFER<br>CARGO/TRANSPORT VESSEL     | JA-87-0599            | BSA, GOA, NWA,<br>SNA | 3        |
|        | WORLD FONTAINE<br>CARGO/TRANSPORT VESSEL     | JA-87-0588            | BSA, GOA, NWA         | 3        |
|        | YAGISHIRI<br>CARGO/TRANSPORT VESSEL          | JA-87-0581            | BSA, GOA, NWA,<br>SNA | 3        |
|        | YAHATA MARU NO. 58<br>MEDIUM STERN TRAWLER   | JA-87-0632            | BSA                   | 1        |
|        | YAKUSHI MARU NO. 51<br>MEDIUM STERN TRAWLER  | JA-87-0638            | BSA                   | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE        | APPLICATION<br>NUMBER | FISHERY               | ACTIVITY |
|---|-----------------------|-----------------------|----------|
| YAMASAN MARU NO. 101<br>SMALL STERN TRAWLER | JA-87-1184            | BSA                   | 1        |
| YAMASAN MARU NO. 102<br>SMALL STERN TRAWLER | JA-87-1185            | BSA                   | 1        |
| YAMATO MARU<br>LARGE STERN TRAWLER          | JA-87-0339            | BSA, GOA              | 1*       |
| YASAKA REEFER<br>CARGO/TRANSPORT VESSEL     | JA-87-0052            | BSA, GOA, NWA,<br>SNA | 3        |
| YASHIMA MARU<br>PAIR TRAWLER                | JA-87-0070            | BSA                   | 1        |
| YAYOI MARU<br>CARGO/TRANSPORT VESSEL        | JA-87-0018            | BSA, GOA              | 3        |
| YOHTEI MARU<br>CARGO/TRANSPORT VESSEL       | JA-87-0076            | BSA, GOA, NWA,<br>SNA | 3        |
| YOKO MARU<br>CARGO/TRANSPORT VESSEL         | JA-87-0087            | BSA, GOA, NWA,<br>SNA | 3        |
| YOSHINO REEFER<br>CARGO/TRANSPORT VESSEL    | JA-87-0039            | BSA, GOA, NWA,<br>SNA | 3        |
| YURYO MARU NO. 35<br>DANISH SEINER          | JA-87-0201            | BSA                   | 1        |
| ZUIHOO MARU NO. 28<br>MEDIUM STERN TRAWLER  | JA-87-0565            | BSA                   | 1*       |
| ***GOVERNMENT OF THE REPUBLIC OF KOREA      |                       |                       |          |
| CHEOG YANG HO<br>LARGE STERN TRAWLER        | KS-87-0003            | BSA, GOA              | 1*       |
| CORAL STAR<br>CARGO/TRANSPORT VESSEL        | KS-87-0135            | BSA                   | 3        |
| CRYSTAL DAHLIA<br>LARGE STERN TRAWLER       | KS-87-0034            | BSA, GOA              | 1*       |
| DAE JIN NO. 21<br>LARGE STERN TRAWLER       | KS-87-0136            | BSA, GOA              | 1*       |
| DAE SUNG HO<br>LARGE STERN TRAWLER          | KS-87-0051            | BSA, GOA              | 1*       |
| DAEJIN NO. 52<br>LARGE STERN TRAWLER        | KS-87-0037            | BSA, GOA              | 1*       |



| NATION                                       | APPLICATION | FISHERY       | ACTIVITY |
|--|-------------|---------------|----------|
| VESSEL NAME                                  | NUMBER      |               |          |
| VESSEL TYPE                                  |             |               |          |
| DONGSAN-HO<br>LARGE STERN TRAWLER            | KS-87-0039  | BSA, GOA      | 1*       |
| GAE CHEOG HO<br>FACTORY SHIP                 | KS-87-0112  | BSA, GOA      | 2**      |
| GAE CHEOG HO NO. 2<br>CARGO/TRANSPORT VESSEL | KS-87-0090  | BSA, GOA      | 3        |
| GAE YANG HO<br>LARGE STERN TRAWLER           | KS-87-0001  | BSA, GOA      | 1*       |
| HAN KIL HO<br>LARGE STERN TRAWLER            | KS-87-0044  | BSA, GOA      | 1*       |
| HANIL HO<br>MEDIUM STERN TRAWLER             | KS-87-0107  | BSA, GOA      | 1*       |
| JOON SUNG HO<br>LARGE STERN TRAWLER          | KS-87-0137  | BSA, GOA      | 1*       |
| KYUNG YANG HO<br>LARGE STERN TRAWLER         | KS-87-0085  | BSA, GOA      | 1*       |
| NAM BUG HO<br>LARGE STERN TRAWLER            | KS-87-0033  | BSA, GOA      | 1*       |
| NO. 103 NAM CHANG<br>CARGO/TRANSPORT VESSEL  | KS-87-0141  | BSA, GOA      | 3        |
| NO. 117 DONG BANG<br>LARGE STERN TRAWLER     | KS-87-0140  | BSA, GOA      | 1*       |
| NO. 29 TAE BAEK<br>FACTORY SHIP              | KS-87-0091  | BSA, GOA      | 2**      |
| NO. 501 DONG SOO<br>CARGO/TRANSPORT VESSEL   | KS-87-0119  | ABS, BSA, GOA | 3        |
| NO. 602 TAE WOONG<br>MEDIUM STERN TRAWLER    | KS-87-0105  | BSA, GOA      | 1*       |
| NO. 603 TAE WOONG<br>LARGE STERN TRAWLER     | KS-87-0117  | BSA, GOA      | 1*       |
| NO. 71 DONG BANG<br>LARGE STERN TRAWLER      | KS-87-0121  | BSA, GOA      | 1*       |
| NO. 77 DONG BANG<br>CARGO/TRANSPORT VESSEL   | KS-87-0118  | BSA, GOA      | 3        |



| NATION  | APPLICATION | FISHERY | ACTIVITY |
|---|-------------|---------|----------|
| VESSEL NAME                                   | NUMBER      |         |          |
| VESSEL TYPE                                   |             |         |          |
| NO. 9 JEONG WOO<br>CARGO/TRANSPORT VESSEL     | KS-87-0139  | BSA,GOA | 3        |
| NO. 99 TAE BAEK<br>FACTORY SHIP               | KS-87-0079  | BSA,GOA | 3        |
| NO.1 HAN SUNG<br>LARGE STERN TRAWLER          | KS-87-0106  | BSA,GOA | 1*       |
| NO.3 CHIL BO SAN HO<br>CARGO/TRANSPORT VESSEL | KS-87-0074  | BSA,GOA | 3        |
| NO.5 CHIL BO SAN HO<br>CARGO/TRANSPORT VESSEL | KS-87-0075  | BSA,GOA | 3        |
| NO.6 CHIL BO SAN HO<br>CARGO/TRANSPORT VESSEL | KS-87-0076  | BSA,GOA | 3        |
| NO.7 SANG WON<br>MEDIUM STERN TRAWLER         | KS-87-0041  | BSA,GOA | 1*       |
| ODAEYANG NO. 106<br>CARGO/TRANSPORT VESSEL    | KS-87-0099  | BSA,GOA | 3        |
| DRYONG NO. 501<br>LARGE STERN TRAWLER         | KS-87-0123  | BSA,GOA | 1*       |
| DRYONG NO. 503<br>LARGE STERN TRAWLER         | KS-87-0095  | BSA,GOA | 1*       |
| OYANG HO<br>LARGE STERN TRAWLER               | KS-87-0006  | BSA,GOA | 1*       |
| PUNG YANG HO<br>LARGE STERN TRAWLER           | KS-87-0004  | BSA,GOA | 1*       |
| REEFER NO.5<br>CARGO/TRANSPORT VESSEL         | KS-87-0098  | BSA,GOA | 3        |
| SALVIA<br>LARGE STERN TRAWLER                 | KS-87-0103  | BSA,GOA | 1*       |
| SHIN AN HO<br>LARGE STERN TRAWLER             | KS-87-0047  | BSA,GOA | 1*       |
| SHIN YANG HO<br>LARGE STERN TRAWLER           | KS-87-0122  | BSA,GOA | 1*       |
| SUNFLOWER NO. 7<br>LARGE STERN TRAWLER        | KS-87-0002  | BSA,GOA | 1*       |



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| NATION      | APPLICATION NUMBER | FISHERY | ACTIVITY |
|-------------|--------------------|---------|----------|
| VESSEL NAME |                    |         |          |
| VESSEL TYPE |                    |         |          |

|                                    |            |         |    |
|------------------------------------|------------|---------|----|
| TAE BAEK HO<br>LARGE STERN TRAWLER | KS-87-0041 | BSA,GOA | 1* |
|------------------------------------|------------|---------|----|

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|---|------------|---------|---|
| TAE YANG NO. 12<br>CARGO/TRANSPORT VESSEL | KS-87-0081 | BSA,GOA | 3 |
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| YUYANG HO<br>LARGE STERN TRAWLER | KS-87-0104 | BSA,GOA | 1* |
|----------------------------------|------------|---------|----|

## \*\*\*GOVERNMENT OF THE POLISH PEOPLE'S REPUBLIC

|                               |            |             |    |
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| AMAREL<br>LARGE STERN TRAWLER | PL-87-0046 | BSA,GOA WOC | 1* |
|-------------------------------|------------|-------------|----|

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|--------------------------------|------------|-------------|----|
| ANTARES<br>LARGE STERN TRAWLER | PL-87-0037 | BSA,GOA WOC | 1* |
|--------------------------------|------------|-------------|----|

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|---|------------|-------------|---|
| ANTONI GARNUSZEWSKI<br>CARGO/TRANSPORT VESSEL | PL-87-0106 | BSA,GOA WOC | 3 |
|---|------------|-------------|---|

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|---------------------------------|------------|-------------|----|
| AQUARIUS<br>LARGE STERN TRAWLER | PL-87-0103 | BSA,GOA WOC | 1* |
|---------------------------------|------------|-------------|----|

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|-------------------------------|------------|-------------|----|
| AQUILA<br>LARGE STERN TRAWLER | PL-87-0097 | BSA,GOA WOC | 1* |
|-------------------------------|------------|-------------|----|

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|---------------------------------|------------|-------------|----|
| ARCTURUS<br>LARGE STERN TRAWLER | PL-87-0038 | BSA,GOA WOC | 1* |
|---------------------------------|------------|-------------|----|

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|------------------------------|------------|-------------|----|
| AWIOR<br>LARGE STERN TRAWLER | PL-87-0060 | BSA,GOA WOC | 1* |
|------------------------------|------------|-------------|----|

|                              |            |             |    |
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| BOGAR<br>LARGE STERN TRAWLER | PL-87-0085 | BSA,GOA WOC | 1* |
|------------------------------|------------|-------------|----|

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|---------------------------------|------------|-------------|---|
| BURAN<br>CARGO/TRANSPORT VESSEL | PL-87-0033 | BSA,GOA WOC | 3 |
|---------------------------------|------------|-------------|---|

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|-----------------------------------|------------|-------------|----|
| CASSIOPEIA<br>LARGE STERN TRAWLER | PL-87-0099 | BSA,GOA WOC | 1* |
|-----------------------------------|------------|-------------|----|

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|---------------------------------|------------|-------------|----|
| DALMOR 2<br>LARGE STERN TRAWLER | PL-87-0114 | BSA,GOA WOC | 1* |
|---------------------------------|------------|-------------|----|

|                               |            |             |    |
|-------------------------------|------------|-------------|----|
| DELFIN<br>LARGE STERN TRAWLER | PL-87-0065 | BSA,GOA WOC | 1* |
|-------------------------------|------------|-------------|----|

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|---------------------------------|------------|-------------|----|
| DENEBOLA<br>LARGE STERN TRAWLER | PL-87-0075 | BSA,GOA WOC | 1* |
|---------------------------------|------------|-------------|----|

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| DZIECI POLSKIE<br>CARGO/TRANSPORT VESSEL | PL-87-0091 | BSA,GOA WOC | 3 |
|--|------------|-------------|---|



| NATION  | APPLICATION | FISHERY              | ACTIVITY |
|---|-------------|----------------------|----------|
| VESSEL NAME                                   | NUMBER      |                      |          |
| VESSEL TYPE                                   |             |                      |          |
| GARNELA<br>LARGE STERN TRAWLER                | PL-87-0008  | BSA, GOA WOC         | 1*       |
| GDYNSKI KOSYNIER<br>CARGO/TRANSPORT VESSEL    | PL-87-0090  | BSA, GOA WOC         | 3        |
| GEMINI<br>LARGE STERN TRAWLER                 | PL-87-0048  | BSA, GOA WOC         | 1*       |
| GRINWAL<br>LARGE STERN TRAWLER                | PL-87-0007  | BSA, GOA WOC         | 1*       |
| HAJDUK<br>LARGE STERN TRAWLER                 | PL-87-0066  | BSA, GOA WOC         | 1*       |
| HALNIAK<br>CARGO/TRANSPORT VESSEL             | PL-87-0029  | BSA, GOA, NWA<br>WOC | 3        |
| HUMBAK<br>LARGE STERN TRAWLER                 | PL-87-0019  | BSA, GOA WOC         | 1*       |
| INDUS<br>LARGE STERN TRAWLER                  | PL-87-0094  | BSA, GOA WOC         | 1*       |
| KALMAR*<br>LARGE STERN TRAWLER                | PL-87-0039  | BSA, GOA WOC         | 1*       |
| KAPITAN LEDOCHOWSKI<br>CARGO/TRANSPORT VESSEL | PL-87-0087  | BSA, GOA WOC         | 3        |
| KOLIAS<br>LARGE STERN TRAWLER                 | PL-87-0050  | BSA, GOA WOC         | 1*       |
| LEWANTER<br>CARGO/TRANSPORT VESSEL            | PL-87-0030  | BSA, GOA WOC         | 3        |
| MANTA<br>LARGE STERN TRAWLER                  | PL-87-0052  | BSA, GOA WOC         | 1*       |
| MARLIN<br>LARGE STERN TRAWLER                 | PL-87-0034  | BSA, GOA WOC         | 1*       |
| MAZURY<br>CARGO/TRANSPORT VESSEL              | PL-87-0098  | BSA, GOA WOC         | 3        |
| MORS<br>LARGE STERN TRAWLER                   | PL-87-0063  | BSA, GOA WOC         | 1*       |
| MUSTEL<br>LARGE STERN TRAWLER                 | PL-87-0012  | BSA, GOA WOC         | 1*       |



| NATION                               | APPLICATION | FISHERY              | ACTIVITY |
|--------------------------------------|-------------|----------------------|----------|
| VESSEL NAME                          | NUMBER      |                      |          |
| VESSEL TYPE                          |             |                      |          |
| ORCYN<br>LARGE STERN TRAWLER         | PL-87-0077  | BSA, GOA, WOC        | 1*       |
| ORLEN<br>LARGE STERN TRAWLER         | PL-87-0078  | BSA, GOA WOC         | 1*       |
| OTOL<br>LARGE STERN TRAWLER          | PL-87-0011  | BSA, GOA WOC         | 1*       |
| PARMA<br>LARGE STERN TRAWLER         | PL-87-0084  | BSA, GOA WOC         | 1*       |
| PERSEUS<br>LARGE STERN TRAWLER       | PL-87-0004  | BSA, GOA WOC         | 1*       |
| PIENINY 2<br>TANKER FUEL/WATER       | PL-87-0110  | BSA, GOA WOC         | 3        |
| PLOCK<br>CARGO/TRANSPORT VESSEL      | PL-87-0109  | BSA, GOA WOC         | 3        |
| POLLUX<br>LARGE STERN TRAWLER        | PL+87-0006  | BSA, GOA WOC         | 1*       |
| PROF. BOGUCKI<br>LARGE STERN TRAWLER | PL-87-0107  | BSA, GOA WOC         | 1*       |
| REGULUS<br>LARGE STERN TRAWLER       | PL-87-0095  | BSA, GOA WOC         | 1*       |
| REKIN<br>LARGE STERN TRAWLER         | PL-87-0080  | BSA, GOA WOC         | 1*       |
| SAGITTA<br>LARGE STERN TRAWLER       | PL-87-0040  | BSA, GOA WOC         | 1*       |
| SIRIUS<br>LARGE STERN TRAWLER        | PL-87-0062  | BSA, GOA WOC         | 1*       |
| SOLANO<br>CARGO/TRANSPORT VESSEL     | PL-87-0112  | BSA, GOA, NWA<br>WOC | 3        |
| TATRY<br>TANKER FUEL/WATER           | PL-87-0108  | BSA, GOA WOC         | 3        |
| TAZAR<br>LARGE STERN TRAWLER         | PL-87-0054  | BSA, GOA WOC         | 1*       |
| TERRAL<br>CARGO/TRANSPORT VESSEL     | PL-86-0086  | BSA, GOA, NWA<br>WOC | 3        |
| TORNADO<br>CARGO/TRANSPORT VESSEL    | PL-87-0113  | BSA, GOA, NWA<br>WOC | 3        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE            | APPLICATION<br>NUMBER | FISHERY              | ACTIVITY |
|---|-----------------------|----------------------|----------|
| TUNEK<br>LARGE STERN TRAWLER                    | PL-87-0045            | BSA, GOA WOC         | 1*       |
| VEGA<br>LARGE STERN TRAWLER                     | PL-87-0055            | BSA, GOA WOC         | 1*       |
| WALEN<br>LARGE STERN TRAWLER                    | PL-87-0009            | BSA, GOA WOC         | 1*       |
| WINETA<br>CARGO/TRANSPORT VESSEL                | PL-87-0061            | BSA, GOA WOC         | 3        |
| WLOCZNIK<br>LARGE STERN TRAWLER                 | PL-87-0020            | BSA, GOA WOC         | 1*       |
| ZONDA<br>CARGO/TRANSPORT VESSEL                 | PL-87-0102            | BSA, GOA, NWA<br>WOC | 3        |
| ZULAWY<br>CARGO/TRANSPORT VESSEL                | PL-87-0041            | BSA, GOA WOC         | 3        |
| ZYRARDOW<br>CARGO/TRANSPORT VESSEL              | PL-87-0089            | BSA, GOA WOC         | 3        |
| ***TAIWAN                                       |                       |                      |          |
| CHENG CHANG NO. 21<br>LONGLINE FISHING VESSEL   | TW-87-3131            | PBS                  | 1        |
| CHENG CHANG NO. 22<br>LONGLINE FISHING VESSEL   | TW-87-3132            | PBS                  | 1        |
| CHIEN JIA NO. 3<br>LONGLINE FISHING VESSEL      | TW-87-3075            | PBS                  | 1        |
| CHIN YUNG MAN NO. 11<br>LONGLINE FISHING VESSEL | TW-87-3152            | PBS                  | 1        |
| CHING HO NO. 1<br>LONGLINE FISHING VESSEL       | TW-87-3142            | PBS                  | 1        |
| CHING HO NO. 6<br>LONGLINE FISHING VESSEL       | TW-87-3143            | PBS                  | 1        |
| DAH EONG NO. 1<br>LONGLINE FISHING VESSEL       | TW-87-3144            | PBS                  | 1        |
| DER CHANG<br>LONGLINE FISHING VESSEL            | TW-87-3141            | PBS                  | 1        |



| NATION<br>VESSEL NAME<br>VESSEL TYPE          | APPLICATION<br>NUMBER | FISHERY | ACTIVITY |
|---|-----------------------|---------|----------|
| DER YANG 1<br>LONGLINE FISHING VESSEL         | TW-87-3117            | PBS     | 1        |
| FONG CHEN AN NO. 1<br>LONGLINE FISHING VESSEL | TW-87-3126            | PBS     | 1        |
| FONG CHEN YIH<br>LONGLINE FISHING VESSEL      | TW-87-3125            | PBS     | 1        |
| FONG KUO NO. 111<br>LONGLINE FISHING VESSEL   | TW-87-3130            | PBS     | 1        |
| FONG KUO NO. 132<br>LONGLINE FISHING VESSEL   | TW-87-3124            | PBS     | 1        |
| FU PENG 1<br>LONGLINE FISHING VESSEL          | TW-87-3110            | PBS     | 1        |
| HAI CHANG NO. 1<br>LONGLINE FISHING VESSEL    | TW-87-3134            | PBS     | 1        |
| HAI HSIUNG NO. 12<br>LONGLINE FISHING VESSEL  | TW-87-3086            | PBS     | 1        |
| HAI I 1<br>LONGLINE FISHING VESSEL            | TW-87-3052            | PBS     | 1        |
| HAI SHING<br>LONGLINE FISHING VESSEL          | TW-87-3139            | PBS     | 1        |
| HAN CHENG NO. 1<br>LONGLINE FISHING VESSEL    | TW-87-3153            | PBS     | 1        |
| HUR CHUEN NO. 1<br>LONGLINE FISHING VESSEL    | TW-87-3151            | PBS     | 1        |
| HO MEI NO. 1<br>LONGLINE FISHING VESSEL       | TW-87-3083            | PBS     | 1        |
| HORNG HSING<br>LONGLINE FISHING VESSEL        | TW-87-3045            | PBS     | 1        |
| HUEY CHUAN<br>LONGLINE FISHING VESSEL         | TW-87-3133            | PBS     | 1        |
| HUEY SHYANG NO. 31<br>LONGLINE FISHING VESSEL | TW-87-3113            | PBS     | 1        |
| HUI CHING NO. 1<br>LONGLINE FISHING VESSEL    | TW-87-3036            | PBS     | 1        |
| HUI FAH<br>LONGLINE FISHING VESSEL            | TW-87-3043            | PBS     | 1        |



| NATION                                      | APPLICATION | FISHERY  | ACTIVITY |
|---|-------------|----------|----------|
| VESSEL NAME                                 | NUMBER      |          |          |
| VESSEL TYPE                                 |             |          |          |
| JIN DING<br>LONGLINE FISHING VESSEL         | TW-87-3136  | PBS      | 1        |
| JIN HONG NO. 101<br>LONGLINE FISHING VESSEL | TW-87-3154  | PBS      | 1        |
| JIN RUENN<br>LONGLINE FISHING VESSEL        | TW-87-3135  | PBS      | 1        |
| JIN SHIANG FA<br>LONGLINE FISHING VESSEL    | TW-87-3155  | PBS      | 1        |
| KAO MING NO. 6<br>LONGLINE FISHING VESSEL   | TW-87-0025  | ABS, PBS | 1        |
| KAO YA NO. 1<br>LONGLINE FISHING VESSEL     | TW-87-0057  | ABS, PBS | 1        |
| KAO YA NO. 101<br>LONGLINE FISHING VESSEL   | TW-87-0064  | ABS, PBS | 1        |
| KAO YA NO. 2<br>LONGLINE FISHING VESSEL     | TW-87-0058  | ABS, PBS | 1        |
| KAO YA NO. 3<br>LONGLINE FISHING VESSEL     | TW-87-0059  | ABS, PBS | 1        |
| KUO LI NO. 1<br>LONGLINE FISHING VESSEL     | TW-87-3069  | PBS      | 1        |
| KUO ZONG 3<br>LONGLINE FISHING VESSEL       | TW-87-3059  | PBS      | 1        |
| LONG DAR NO. 21<br>LONGLINE FISHING VESSEL  | TW-87-3129  | PBS      | 1        |
| MIN HONG 31<br>LONGLINE FISHING VESSEL      | TW-87-3071  | PBS      | 1        |
| MING DAR NO. 1<br>LONGLINE FISHING VESSEL   | TW-87-3148  | PBS      | 1        |
| MING KUO NO. 32<br>LONGLINE FISHING VESSEL  | TW-87-0021  | ABS, PBS | 1        |
| RUEI JIA FA<br>LONGLINE FISHING VESSEL      | TW-87-3156  | PBS      | 1        |
| RUEY FONG. 3<br>LONGLINE FISHING VESSEL     | TW-87-3016  | PBS      | 1        |



| NATION | VESSEL NAME<br>VESSEL TYPE                       | APPLICATION<br>NUMBER | FISHERY | ACTIVITY |
|--------|--|-----------------------|---------|----------|
|        | SHENG CHI NO. 7<br>LONGLINE FISHING VESSEL       | TW-87-3157            | PBS     | 1        |
|        | SHENG PENG 1<br>LONGLINE FISHING VESSEL          | TW-87-3049            | PBS     | 1        |
|        | SHENG WANG NO. 7<br>LONGLINE FISHING VESSEL      | TW-87-3146            | PBS     | 1        |
|        | SHENG YU NO. 6<br>LONGLINE FISHING VESSEL        | TW-87-3149            | PBS     | 1        |
|        | SHIN CHYUN NO. 7<br>LONGLINE FISHING VESSEL      | TW-87-3120            | PBS     | 1        |
|        | SHIN KING YANG NO. 1<br>LONGLINE FISHING VESSEL  | TW-87-3127            | PBS     | 1        |
|        | SHIN KING YANG NO. 3<br>LONGLINE FISHING VESSEL  | TW-87-3128            | PBS     | 1        |
|        | SHIN TAI 7<br>LONGLINE FISHING VESSEL            | TW-87-3111            | PBS     | 1        |
|        | SHIN YIH HANG NO. 21<br>LONGLINE FISHING VESSEL  | TW-87-3121            | PBS     | 1        |
|        | SHIN YUAN SENG NO. 11<br>LONGLINE FISHING VESSEL | TW-87-3057            | PBS     | 1        |
|        | SHING FENG NO. 11<br>LONGLINE FISHING VESSEL     | TW-87-3140            | PBS     | 1        |
|        | SHYA SHENG<br>LONGLINE FISHING VESSEL            | TW-87-3014            | PBS     | 1        |
|        | SUR TON 1<br>LONGLINE FISHING VESSEL             | TW-87-3019            | PBS     | 1        |
|        | TAI LAI CHENG NO. 12<br>LONGLINE FISHING VESSEL  | TW-87-3116            | PBS     | 1        |
|        | TONG CHOU 7<br>LONGLINE FISHING VESSEL           | TW-87-3064            | PBS     | 1        |
|        | YEN HORNG 1<br>LONGLINE FISHING VESSEL           | TW-87-3005            | PBS     | 1        |
|        | YIH HSING<br>LONGLINE FISHING VESSEL             | TW-87-3044            | PBS     | 1        |
|        | YIH LIEN NO. 1<br>LONGLINE FISHING VESSEL        | TW-87-3123            | PBS     | 1        |



## COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

### Export Visa and Exempt Certification Requirements for Certain Cotton, Wool and Man-Made Fiber Textiles and Textile Products Produced or Manufactured in Singapore

November 25, 1986.

The Chairman of the Committee for the Implementation of Textile Agreements (CITA), under the authority contained in E.O. 11651 of March 3, 1972, as amended, has issued the directive published below to the Commissioner of Customs to be effective on January 1, 1987. For further information contact Ross Arnold, International Trade Specialist, Office of Textiles and Apparel, U.S. Department of Commerce, (202)377-4212.

#### Background

On February 16, 1982 a letter dated February 10, 1982 from the chairman of CITA to the Commissioner of Customs was published in the **Federal Register** (47 FR 6683), which established export visa and exempt certification requirements for apparel products in Categories 330-359, 431-459 and 630-659, which are subject to the restraint limits of the Bilateral Cotton, Wool, and Man-Made Fiber Textile Agreement of August 21, 1981, as amended, between the Governments of the United States and the Republic of Singapore.

A further letter was published on November 26, 1982, (47 FR 53446), which amended the directive of February 10, 1982 to extend coverage of the visa and exempt certification requirements to include non-apparel products of cotton, wool and man-made fibers in Categories 300-329, 360-369, 400-429, 464-469, 600-627, and 665-669, which are also subject to the limits established under the terms of the aforementioned bilateral agreement.

In talks held in Singapore in May 1986 between representatives of the two Governments, agreement was reached to further amend the existing visa and exempt certification requirements to effect the following changes which will be effective on January 1, 1987 for goods exported on and after that date.

1. The exempt certification mechanism established under the terms of the aforementioned bilateral agreement is being discontinued entirely for commercial shipments of merchandise produced or manufactured in Singapore. This includes shipments valued at U.S. \$250, or less, and any other products that were previously exempt from the limits of the bilateral

agreement. Only non-commercial shipments for the personal use of the importer, not for resale, will continue to be exempt. They will not require an export visa for entry into the United States for consumption, regardless of value, and will not be charged to the restraint limits of the agreement.

2. The standard nine-digit visa number, including the correct year of export, will be required for entry and will be issued by the Government of the Republic of Singapore prior to exportation. The number will begin with the last digit of the year of export and will be followed by the letters "SG" to identify Singapore as the country of origin. The letters "SG" will be followed by a six-digit serial number to identify the shipment.

3. The following part category designations will be used in Category 659 to meet the "correct category" requirement for purpose of the export visa:

a. 659-I (man-made fiber infants' sets in TSUSA numbers 384.2105, 384.2115, 384.2120, 384.2125, 384.2646, 384.2647, 384.2648, 384.2649, 384.2652, 384.8651, 384.8652, 384.8653, 384.8654, 384.9356, 384.9357, 384.9358, 384.9359, and 384.9365).

b. 659-S (man-made fiber swimwear in TSUSA numbers 381.2340, 381.3170, 381.9100, 381.9570, 384.2339, 384.8300, 384.8400, and 384.9353).

c. 659-V (man-made fiber vests in TSUSA numbers 381.2836, 381.3332, 381.9224, 381.9837, 384.2250, 384.2251, 384.2663, 384.2664, 384.8677, 384.9472, and 384.9473).

d. 659-O (all TSUSA numbers in Category 650 except those listed for infants' sets, swimwear and vests).

A facsimile of the new visa stamp is published as an enclosure to the letter to the Commissioner of Customs which follows this notice.

Interested persons are advised to take all necessary steps to insure that textile products, produced or manufactured in Singapore, which are to be entered into the United States for consumption, or withdrawn from warehouse for consumption on and after January 1, 1987, will meet the amended visa requirements.

**William H. Houston III,**

*Chairman, Committee for the Implementation of Textile Agreements.*

**Committee for the Implementation of Textile Agreements**

November 25, 1986.

Commissioner of Customs,  
Department of the Treasury, Washington, DC  
20229.

Dear Mr. Commissioner: This directive further amends, but does not cancel, the

directive of February 10, 1982, as amended, which directed you to prohibit entry of certain cotton, wool and man-made fiber textile products, produced or manufactured in Singapore which were not properly visaed or certified for exemption.

Effective on January 1, 1987, the directive of February 10, 1982, as amended, is hereby further amended to effect the following changes in the visa and exempt certification procedures:

1. The exempt certification mechanism is being discontinued entirely for commercial shipments of merchandise produced or manufactured in Singapore. That includes shipments valued at U.S. \$250, or less, and any other products that were previously exempt from the limits of the bilateral agreement. Only non-commercial shipments for the personal use of the importer, not for resale, will continue to be exempt. They will not require an export visa for entry into the United States for consumption, regardless of value, and will not be charged to the restraint limits of the agreement.

2. The standard nine-digit visa number, including the correct year of export, will be required for entry for consumption, or withdrawal from warehouse for consumption, in the United States and will be issued by the Government of the Republic of Singapore prior to exportation. The number will begin with the last digit of the year of export and will be followed by the letters "SG" will be followed by a six-digit serial number to identify the shipment.

3. The following part category designations will be used in Category 659 to meet the "correct category" requirement for purposes of the export visa:

659-I (man-made fiber infants' sets in TSUSA numbers 384.2105, 384.2115, 384.2120, 384.2125, 384.2646, 384.2647, 384.2648, 384.2649, 384.2652, 384.8651, 384.8652, 384.8653, 384.8654, 384.9356, 384.9357, 384.9358, 384.9359, and 384.9365).

659-S (man-made fiber swimwear in TSUSA numbers 381.2340, 381.3170, 381.9100, 381.9570, 384.1920, 384.2339, 384.8300, 384.8400, and 384.9353)—

659-V (man-made fiber vests in TSUSA number 381.2836, 381.3332, 381.9224, 381.9837, 384.2250, 384.2251, 384.2113, 384.2663, 384.2664, 384.8677, 384.9472 and 384.9473)—

659-O (all TSUSA numbers in Category 659 except those listed for infants' sets, swimwear and vests).

The foregoing changes are to be effective on January 1, 1987 for merchandise, produced or manufactured in Singapore and exported on and after that date. A facsimile of the new stamp is enclosed.

The Committee for the Implementation of Textile Agreements has determined that these actions fall within the foreign affairs exception to the rulemaking provisions of U.S.C. 553.

Sincerely,

**William H. Houston III**

*Chairman, Committee for the Implementation of Textile Agreements.*

Enclosure:



Specimen of Singapore Revised Textile Visa  
Numbering System



[FR Doc. 27072 Filed 12-1-86; 8:45 am]  
BILLING CODE 3510-DR-M

## COPYRIGHT ROYALTY TRIBUNAL

[Docket No. 85-1-84JD]

### Final Determination of the Distribution of the 1984 Jukebox Royalty Fund

AGENCY: Copyright Royalty Tribunal.

ACTION: Notice of final determination.

**SUMMARY:** The Tribunal announces the adoption of its final determination in the proceeding concerning the distribution to certain copyright owners and performing rights societies of jukebox royalty fees deposited for 1984 performances.

**FOR FURTHER INFORMATION CONTACT:** Robert Cassler, General Counsel, Copyright Royalty Tribunal, 1111 20th Street NW., Suite 450, Washington, DC 20036.

#### SUPPLEMENTARY INFORMATION:

##### Authority

17 U.S.C. 116(c)(3) authorizes the Copyright Royalty Tribunal (Tribunal) to distribute annually royalty fees paid by jukebox operators to certain copyright owners and performing rights societies. First, the Tribunal is to assess the claims of, and make appropriate award to, "every copyright owner not affiliated with a performing rights society." 17 U.S.C. 116(c)(4)(A). Second, the remainder is to be distributed to "the performing rights societies . . . as they shall by agreement stipulate among themselves, or if they fail to agree, the pro rata share to which such performing rights societies prove entitlement." 17 U.S.C. 116(c)(4)(B).

#### The Claimants

In this proceeding, the Tribunal takes up the distribution of the royalty fees deposited by jukebox operators for the calendar year 1984. Five parties filed claims in the 1984 proceeding: Asociacion de Compositores y Editores de Musica Latinoamerica (ACEMLA), ASCAP, BMI, SESAC, Inc. and Italian Book Company.

Italian Book Company subsequently withdrew its claim, and is no longer a party to this proceeding. Letter of Dennis Angel, dated November 11, 1985. ASCAP, BMI, SESAC, Inc. reached an agreement for division of the jukebox royalties among themselves, and prosecuted their claims jointly. Justification of Claim, filed November 1, 1985.

#### The Controversy

As a result of the settlement among BMI, ASCAP, and SESAC, Inc., (hereinafter the Settling Parties), and the withdrawal of Italian Book Company, the controversy in this proceeding is between ACEMLA and the Settling Parties.

ACEMLA asserts that it is a performing rights society, and that it is entitled to 10% of the jukebox fund. The Settling Parties assert that ACEMLA is not a performing rights society, and that the Settling Parties are entitled to 100% of the fund.

Whether a party in this proceeding is determined to fall under section 116(c)(4)(A), as a copyright owner, or under 116(c)(4)(B), as a performing rights society has no bearing upon the ultimate amount of its award. In the context of this decision, the determination to be made, whether ACEMLA is a performing rights society, arises solely from the question of who has the burden of going forward with the evidence. The Copyright Act, as just cited, requires the Tribunal to consider first the claims of copyright owners, and then second, performing rights societies, but only in the event that the societies are in disagreement as to their share of the fund.

If ACEMLA is a copyright owner, the Tribunal must consider it first, and the burden is on ACEMLA alone to affirmatively show its entitlement. After consideration of ACEMLA's entitlement has been rendered, the Tribunal's task in this proceeding would be complete because the three performing rights societies are in agreement.

If, on the other hand, ACEMLA is a performing rights society, there would exist a disagreement among performing rights societies, and each society must go forward to prove its entitlement to

the amount of the fund which is in controversy.

#### Background and Chronology

On November 15, 1985, the Tribunal published a notice declaring a controversy existed concerning the distribution of the 1984 jukebox royalty fund, effective December 2, 1985, and ordered that all evidence to be considered in the matter be filed by May 15, 1986. In the same notice, the Tribunal ordered a partial distribution to the Settling Parties of 90% of the 1984 jukebox royalty fund. 50 FR 47794 (November 15, 1985).

The written direct cases were filed on May 15, 1986, and, by leave of the Tribunal, supplements to the direct cases were permitted to be filed on September 12, 1986. *Order*, dated September 4, 1986.

The Tribunal conducted four days of evidentiary hearings. ACEMLA presented its direct case on September 22, 1986, and September 30, 1986. The Settling Parties presented their direct case on September 23, 1986.

ACEMLA presented no rebuttal case. The Tribunal heard the rebuttal testimony of the Settling Parties on September 30 and October 1, 1986.

The record of the proceeding was closed October 16, 1986. ACEMLA and the Settling Parties filed their Proposed Findings of Fact and Conclusions of Law on October 20, 1986. Reply Findings of Fact and Conclusions of Law were filed on October 24, 1986.

#### Findings of Fact—Status of ACEMLA.

17 U.S.C. 116(e)(3) defines a performing rights society as "an association or corporation that licenses the public performances of nondramatic musical works on behalf of the copyright owners, such as the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc." The Tribunal first engaged in a detailed determination as to whether ACEMLA is a performing rights society in the consolidated 1982/1983 distribution proceeding. 50 FR 47577 (November 19, 1985.) The Tribunal concluded that ACEMLA was not a performing rights society in 1982 or in 1983. *Id.*, at 47581. Based on the facts developed in that proceeding and in this proceeding, and breaking down the definition into its three constituent parts, the Tribunal finds the following:

"An association or corporation . . ."

L. Raul Bernard (Bernard) is president and sole stockholder of Latin American Music Co., Inc. (LAMCO), a music publishing company incorporated in



April, 1981. LAMCO has entered into contracts with one domestic music publishing company, and with certain foreign entities (whether publishers or performing rights societies was not established) to represent the rights to their music in the United States. 50 FR 47578-47579.

Bernard stated that it was his intent as early as 1980 to create a subdivision of his music publishing company which would be a performing rights society, ACEMLA, the purpose of which would be to license the performing rights to the music of which he had acquired control. In an effort to accomplish this, Bernard filed a certificate of assumed name with the state of New York on April 24, 1984 which stated that ACEMLA is the assumed name of LAMCO. Bernard took no other structural steps to create a performing rights society. *Id.*

Although using the word "asociacion" in its title, ACEMLA has not claimed to be an association. ACEMLA Proposed Findings, p. 16, par. 2, ACEMLA has not registered as an unincorporated membership association under New York law. New York General Associations Law, Article 4, Section 18.

ACEMLA does not claim to be a corporation by virtue of its own incorporation, but because it is the assumed name of LAMCO. ACEMLA Proposed Findings, p. 16, par. 2.

In the 1982 proceeding, and for part of the 1983 proceeding, Bernard claimed that his sole proprietorship, Latin American Music (LAM), his corporation, LAMCO, and ACEMLA were all three performing rights societies. Later, he amended his claim to state that LAM and LAMCO were not performing rights societies. They were copyright owners. 50 FR 47578. In the 1984 proceeding, Bernard again represented that LAMCO is a copyright owner, and that ACEMLA is a performing rights society. Tr. 27-29.

ACEMLA is not an association of members, or a corporation of affiliates. For the period 1982-1984, Bernard has not established a system for membership or affiliation with ACEMLA. Tr. 45. The method by which ACEMLA obtains rights to music is from Bernard's other entities, except for one instance noted below. Some contracts are signed with LAM, LAMCO or International Music Co. (another assumed name of LAMCO). Bernard asserts that the performing rights obtained by these contracts are assigned to ACEMLA, but there is no documentation of this. 50 FR 47579; Tr. 11. Bernard represented that any agreement with LAMCO would act automatically as an authorization to ACEMLA because ACEMLA is an assumed name of LAMCO. 50 FR 47579.

One contract was submitted in the 1984 proceeding by which an entity contracted directly with ACEMLA. Musica Dominicana, S.A. (MUDOSA) subscribed to a contract February 7, 1983, later executed sometime in 1984, which gave ACEMLA the right to license the performing rights on behalf of MUDOSA. Response of ACEMLA to Tribunal's Requests for Additional Documents Supporting ACEMLA's Direct Case.

*" . . . that licenses the public performances of nondramatic musical works on behalf of the copyright owners . . . "*

In the 1982-83 proceeding, ACEMLA attempted to show the efforts it had made to license the public performance of the music it controlled. 1982-83 ACEMLA Direct. Of the 18 letters either from ACEMLA to potential licensees, or to ACEMLA from potential licensees, only one letter was sent in 1982, and only one letter was received in 1984, the rest was correspondence occurring in 1985. *Id.*

The letter sent by ACEMLA in 1982 was to WXTV, Channel 41, a UHF television station in Paterson, New Jersey. *Id.*, at 12. The letter received by ACEMLA in 1984 was from PBS acknowledging a letter dated September 4, 1984, asking ACEMLA for which ACEMLA-controlled music was used by public television in 1984. *Id.*, at 21-22.

In the 1984 proceeding, ACEMLA submitted a letter to WADO Radio, New York, New York, soliciting WADO to obtain a license for ACEMLA-controlled music sent June 16, 1982. ACEMLA Direct, Ex. 2, p. 1. By letter dated January 29, 1986, WADO indicated a willingness to enter into a license agreement in the near future. *Id.*, at 3.

However, in the period 1982-1984, ACEMLA did not license performing rights to anyone (radio station, television station, bar, grill, nightclub, college or school) for any purpose. 1982-83 Tr. 229; Tr. 142-143.

*" . . . such as the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc. "*

ASCAP, BMI and SESAC, Inc. have certain features as performing rights societies. Among them are, they have members or affiliates who authorize them in writing to license the use of the members' or affiliates' music. Performing rights societies are not copyright owners, but rather collect performing rights royalties as a service for the copyright owners. Music users are licensed by the societies, fees are collected and distributed to the copyright owners. The societies monitor

the airwaves to ascertain if there are any unauthorized uses of their music. They bring infringement actions where necessary to enforce the rights of their members or affiliates. 1982-83 Tr. 120-121, 140-141, 150-151; Tr. 244.

For the period 1982-1984, ACEMLA did not license a single user, receive a single royalty, or make a single distribution. 1982-83 Tr. 183-184, 229-230; Tr. 141-143. ACEMLA has no standard rate schedule for licensees. 1982-83 Tr. 293. Bernard stated that although ACEMLA monitors five stations in the New York City area, ACEMLA has not brought any infringement actions. Tr. 140-145.

#### Conclusions of Law

*ACEMLA was not a performing rights society in 1984*

The Tribunal concluded in the 1982-83 proceeding that ACEMLA was not a performing rights society in 1982 or in 1983. The Tribunal found in that proceeding that Mr. Bernard had not taken any structural steps at all in 1982-83 to create a performing rights society. In addition, the Tribunal found that Mr. Bernard's entity had none of the features of a performing rights society. It had not licensed a single user, received a single royalty, or made a single distribution. ACEMLA had brought no infringement actions. It had no members or affiliates. It had no written documents of transfers from any member or affiliate (not even LAMCO) to it as a performing rights society granting authorization to license music. It had no rate schedules to give to prospective licensees.

The situation in 1982-83, we concluded, was that Mr. Bernard, as president of LAMCO, a music publisher, had drafted a new letterhead, used the name ACEMLA, and sent out one letter (out of 18 letters he put into evidence) asking for a license and got no result. We described this as a situation devoid of any activity.

Having found both the form and the substance deficient, we resolved Mr. Bernard's only remaining argument—that a music publishing company could also be a performing rights society if it licenses performing rights. We stated in the 1982-83 decision that any holder of a copyright of music can license the performing rights to that music; but to declare that every entity which does so is a performing rights society would make a nullity of the distinction Congress made in Section 116 between copyright owners not affiliated with a performing rights society, and performing rights societies.



In the 1984 proceeding, there is very little changed circumstances. Mr. Bernard has submitted a certificate of assumed name filed with the state of New York on April 24, 1984 stating that the assumed name of LAMCO is ACEMLA. Mr. Bernard has also submitted another letter which ACEMLA sent out in 1982, and a draft of a contract between MUDOSA and ACEMLA subscribed in 1983.

We do not believe the device of "assumed name" is a structural step to create a performing rights society. The law and logic dictate that an assumed name is not a separate entity from its original name. They are taken as one and the same. Additionally, here the use of this device establishes a very difficult contradiction. Mr. Bernard claims that LAMCO is a music publisher, and that ACEMLA is a performing rights society, and that they must be considered quite different. But he also claims that ACEMLA is a corporation by virtue of it being the assumed name of LAMCO, and he asserts that ACEMLA has obtained the rights to represent the music obtained by LAMCO without any transfer documents because ACEMLA and LAMCO are the same. Evidently sometimes ACEMLA is different than LAMCO and sometimes they are one and the same. We conclude that ACEMLA is simply another name for LAMCO, and that LAMCO is a music publishing company. Therefore, ACEMLA is a music publishing company. For this reason, and for the additional belief that the potential for self-dealing is evident from an "assumed name" set-up, we believe that "an association or corporation" was intended by Congress to mean an organization at least independent enough of copyright owners to have its own organizational papers and structure.

We also find that the substance of ACEMLA has not changed at all significantly from 1982-83. ACEMLA still lacks the features of a performing rights society.

The only new evidence of substance is the contract between MUDOSA and ACEMLA. However, we are not persuaded that that contract establishes that ACEMLA has enrolled any members or affiliates. Rather, we interpret that contract as being a subpublishing agreement with ACEMLA as the assumed name of LAMCO (and we note that it was subscribed in February, 1983, a time when the name ACEMLA could not be used by LAMCO because LAMCO had not filed a certificate of assumed name with the state of New York, reinforcing our belief

that Mr. Bernard represents his entity to the public and the Tribunal in a confused way).

To put ACEMLA's assertion to be a performing rights society in the best, but most accurate, light, ACEMLA claims that it is a corporation by virtue of being the assumed name of LAMCO; that it holds itself out as licensing the performing rights of the music which LAMCO controls, but that it hasn't yet the features of the three performing rights societies, ASCAP, BMI, and SESAC, Inc. ACEMLA's argument that this makes it a performing rights society must fail. The Tribunal holds that for ACEMLA to prevail in its claim it must (1) be an association or corporation in its own right (2) it must license the performance of music, rather than merely hold itself out as licensing the performance of music; and (3) it must have the other features of a performing rights society.

To have the features of a performing rights society, and to have some success in the licensing of music is not to require that ACEMLA be "big." The Tribunal resolved the question of "bigness" in the last proceeding and considered it irrelevant. But the Tribunal does require some substance to the term, "performing rights society," in order to differentiate it from other entities, such as music publishing companies.

We caution that the Tribunal has not concluded more than what is necessary to decide this case, i.e., we have stated how any of the features of a performing rights society an organization must have, or which features are essential to be a performing rights society and which features are nonessential. Nor have we concluded how much success in the licensing of music an organization must have. We have simply concluded that based on the evidence submitted by ACEMLA, they have not sustained any success in licensing in 1982-1984, nor shown any of the other features of a performing rights society.

Finally, the Tribunal restates that the purpose for determining whether an organization before the Tribunal is a performing rights society is simply to determine the burden of going forward with the evidence. The Tribunal has no purpose in either regulating the field of performing rights societies, creating industry standards, or lowering or raising entry barriers. The Tribunal has only engaged in a definitional question, and intends that its decision will have no effect other than determining which party goes first in the presentation of its evidence. So the Tribunal has attempted to decide in this area with that narrow purpose in mind.

#### *Effect of the Tribunal's First Conclusion*

The Tribunal has concluded that ACEMLA was not a performing rights society in 1984, but rather that ACEMLA, as the assumed name of LAMCO, was a copyright owner. The next step is to consider the value of the music ACEMLA, as LAMCO, controls.

The Settling Parties have argued that ACEMLA has specifically filed its claim and appeared before the Tribunal solely as a performing rights society, that Mr. Bernard specifically excluded LAMCO, the music publisher which has the copyrights being valued, from his claim, so that if ACEMLA's claim to be a performing rights society fails, its claim to royalties must also fail.

The Tribunal does not agree with the Settling Parties in their view of the issue. We have concluded that ACEMLA is the assumed name of LAMCO, so that LAMCO and the repertory it represents has come before the Tribunal. Our conclusion that ACEMLA is not a performing rights society does not affect the valuation of the music ACEMLA, as the assumed name of LAMCO, controls, and we proceed to that consideration next.

#### *ACEMLA's Proofs of Entitlement*

In the 1984 proceeding, ACEMLA submitted three different types of evidence to prove its entitlement. It also incorporated by reference evidence submitted in the 1982-83 proceeding, including demographic evidence which ACEMLA relied upon in its proposed findings. ACEMLA Direct; ACEMLA Proposed Findings, paras. 12-15. In the 1982 proceeding ACEMLA asserted that it represented 20,000 copyrighted musical works. In the 1983 proceeding, ACEMLA asserted that it represented 30,000 musical works. In this proceeding ACEMLA asserted that it represents 50,000 or more musical works. 50 FR 47580; Tr. 62.

*Jukebox title strips.* ACEMLA Exhibit 3 consisted of copies of jukebox title strips provided to ACEMLA by Enrique Reyes, an employee of A-1 Record Sales, New York, New York, a company which distributes records to jukebox owners and operators. The exhibit purported to show 24 song titles which were sold to jukebox operators during 1984 and which are in ACEMLA's catalogue. ACEMLA Ex. 3. ACEMLA stated that it was its intent to support the exhibit with the affidavit of Enrique Reyes, but never provided the affidavit.

On cross-examination, Bernard was unable to recall when he obtained the jukebox title strips from Reyes. He said that he had acquired some within one



month of filing ACEMLA's direct case, May 15, 1986, and others in 1985. Tr. 92-93. He was certain, however, that he did not acquire any of the jukebox title strips in 1984. Tr. 93. ACEMLA did not indicate in its exhibit which or how many jukebox operators received the title strips. ACEMLA Direct, at 2.

*ACEMLA analysis of 1985 Jukebox survey.* ACEMLA Exhibit 4 was an analysis of the underlying data of the "Limited Survey of 76 Jukeboxes in Hispanic Neighborhoods" performed by the Settling Parties during July and August, 1985, and submitted during the consolidated 1982-83 proceeding. ACEMLA Direct, at 3. Of the 11,592 song titles listed on the 76 jukeboxes in the survey, the Settling Parties asserted that 45 listings of 23 works were undisputedly represented by ACEMLA. 1982-83 Settling Parties Direct, Testimony of Gloria Messinger, at 8. The Settling Parties extrapolated from this finding an entitlement of approximately 0.02% for ACEMLA. *Id.*

ACEMLA disagreed with the Settling Parties' assertion. ACEMLA asserted in Exhibit 4 that, in fact, 509 listings of 352 compositions were in ACEMLA's catalogue. ACEMLA Ex. 4.

The method by which ACEMLA did its analysis was flawed. The exhibit was prepared by some of Bernard's employees who compared the titles listed in the "Limited Survey" with titles in the ACEMLA catalogue, noting the ones which they believed to be ACEMLA's. Tr. 76-77. This comparison was done on the basis of titles only. If the titles matched, the song was claimed by ACEMLA. *Id.* But Bernard conceded that many different songs may have the same title. Tr. 77.

In addition, although the "Limited Survey" identified the performing artists for each title listed in almost every case, ACEMLA did not use this information to identify the particular songs listed. Tr. 79-80. Bernard agreed that use of the performer information would have enabled more accurate identification of listings. Tr. 80.

In rebuttal, the Settling Parties testified that 129 of the 352 songs claimed by ACEMLA, and 189 of the 509 listings claimed by ACEMLA were works in the Settling Parties' combined repertoires. SP Exs. 28R, 29R; Tr. 374.

Further, the Settling Parties disputed another 145 titles, representing 203 listings, because, going on titles alone, they were songs whose title could be found in both the ACEMLA and the Settling Parties combined repertoires. *Id.* Although the Settling Parties did not positively claim those 145 titles, they stated that they had a majority of the

songs with a particular title in their combined repertoires. Tr. 371-374.

*Hit songs charts.* Hit songs charts from three regions, New York City, Miami, and Puerto Rico, and one national chart, Billboard, were submitted. ACEMLA Exs. 5-10. ACEMLA Exhibit 5 consisted of two hit Latin records charts for the months January 1984 through November 1984 from the publication "Canales," published in New York City. On the charts, ACEMLA circled which titles were in ACEMLA's catalogue. ACEMLA Direct, at 3. One of the charts, "Hit Parade Latino de Nueva York" listed top-selling singles. Tr. 116. However, the other chart, "Salsa: Los 12 Exitos," listed top-selling long-playing albums. Bernard could only represent that those were albums that contained at least one song in the ACEMLA catalogue. *Id.* The Tribunal requested ACEMLA to provide the titles of the individual compositions controlled by it appearing on long-playing albums listed in ACEMLA Exhibit 5, and additionally, in ACEMLA Exhibits 6, 7, 8, and 9. *Id.*

For ACEMLA Exhibit 5, ACEMLA identified specific songs for only 9 of the 18 albums circled by ACEMLA. ACEMLA Ex. 11. In those 9 albums, ACEMLA identified 12 songs, but one of them was never released as a single. *Id.* Only songs released as singles are played on jukeboxes. Tr. 300.

ACEMLA Exhibit 6 consisted of pages from the publication, "Guia Radial del Show," weekly published in Puerto Rico. It contained two hit records charts from January through December, 1984, compiled by the Music City Record store in Puerto Rico. ACEMLA circled which titles were in ACEMLA's catalogue. ACEMLA Direct, at 3. All titles on those charts were singles, not albums. Response of ACEMLA to Tribunal's Requests for Additional Documents Supporting ACEMLA's Direct Case, at 5.

ACEMLA Exhibit 7 consisted of the "Hit Parade Hispano of the United States," which appeared in the May 5, 1984 edition of "23 Milliones," a Hispanic publication published in Miami, Florida. ACEMLA circled 4 titles which were in ACEMLA's catalogue. ACEMLA Direct, at 4. However, Bernard conceded these were actually albums, not singles, and in response to a request to provide the titles to the singles, ACEMLA could specify songs for only 3 of the 7 albums listed in Exhibit 7. These 3 albums contained 4 songs in ACEMLA's catalogue, but all four songs were not released as singles, so jukebox play of these songs could not have occurred. ACEMLA Ex. 12; Tr. 300.

ACEMLA Exhibit 8 consisted of hit records charts which appeared in the

publication, "Farandula," published in New York and Puerto Rico, in May and December, 1984. ACEMLA Ex. 8. Again, in response to Tribunal inquiry, ACEMLA identified specific songs for 8 of the 11 albums listed in Exhibit 8. ACEMLA Ex. 13. These 8 albums contained 13 songs in ACEMLA's catalogue, but 6 of the 13 songs were not released as singles. ACEMLA Ex. 13.

ACEMLA Exhibit 9 consisted of charts for Latin long-playing records which appeared in Billboard Magazine from January to September, 1984. ACEMLA Ex. 9. ACEMLA identified specific songs for 23 of the 32 albums listed in Exhibit 9. ACEMLA Ex. 14. These 23 albums contained 36 songs, but 9 of the songs were not released as singles. ACEMLA Ex. 14.

In all, in Exhibits 5, 7, 8, and 9, ACEMLA listed 65 albums, including duplicate listings. However, ultimately, ACEMLA identified only 33 separate songs (out of 45 listings) having been released as 45 RPM singles. ACEMLA Exs. 11-14.

ACEMLA Exhibit 10 included hit records charts distributed by radio station WJIT, a Spanish-language station in New York City. The lists were dated January, March, April, and December, 1984. ACEMLA circled which titles were in ACEMLA's catalogue. ACEMLA Direct, at 4.

#### *Settling Parties' Rebuttal*

The Settling Parties sought to rebut the value of the ACEMLA catalogue by challenging the representation by ACEMLA that its most-performed songs were actually in ACEMLA's catalogue. SP Exs. 15R-18R.

The Settling Parties analyzed 261 titles claimed by ACEMLA. The 261 titles represented the 179 songs ACEMLA listed in the 1982-83 proceeding which were its most performed songs, plus every additional title listed by ACEMLA in all its exhibits in the 1984 proceeding. SP Ex. 15R. The list of 261 titles was submitted to the Copyright Office for a search of registrations. Tr. 359. At the time the Settling Parties submitted the list of 261 titles to the Copyright Office, they did not know that the circled items in Exs. 5-8 were sometimes album titles, instead of song titles. This occurred in 40 instances, so that the actual total individual songs identified by ACEMLA in the 1982-1984 proceeding were 221. SP Ex. 16R.

Of the 221 titles, the Settling Parties found Copyright Office registrations for 21 songs which placed them in the Settling Parties combined catalogue. SP Ex. 18R. Later, at hearing the Settling



Parties also disputed the song, "Golpe Con Golpe." Tr. 489-492.

The Copyright Office found no registrations for 171 of the song titles. SP Ex. 19R. The Office found 8 titles registered in the name of Latin American Music Co., Inc. SP Ex. 21R. 21 titles were registered at the Copyright Office, however, the author, publisher and performer information was different from that provided by ACEMLA, so that the only thing that was in common was the song titles. SP Ex. 20R. Bernard stated that he had registered over 100 song titles with the Copyright Office. Tr. 108.

ACEMLA was given an opportunity at surrebuttal on the issue of their right to represent the 21 above-mentioned titles plus "Golpe Con Golpe." ACEMLA yielded on 6 of the titles, "Cerveza Humo Y Licor," "El Gusto," "La Verdad," "Mala Muger," "Mi Ultima Cancion," "Oh Puerto Rico." Certain of ACEMLA's explanations failed to surrebut the Settling Parties' contentions. For "Caballo Viejo" and "La Banana," these songs were allegedly transferred to West Side Music Publishing, Inc. which in turn were assigned to ACEMLA, but the registration certificates only show West Side Publishing as an addressee for correspondence, and that Selemusica, C.A. is the copyright owner. The Settling Parties showed that Selemusica, C.A. conveyed its rights to Barnegat Music Corp. an ASCAP member. ACEMLA Ex. 18, Att. B, at 1-2; SP Ex. 42R, at 4-7. For the songs, "El Bailador," and "Golpe Con Golpe," ACEMLA only showed evidence regarding mechanical rights, but did not show anything regarding performing rights. ACEMLA Ex. 18, at 4-5, 10. For "El Cachimbo," since the composer had conveyed his performing rights to LAMCO/ACEMLA by a contract dated July 27, 1985, and had represented that all his works were previously unpublished, no distribution to jukeboxes in 1984 could have occurred, because that would have constituted publication. ACEMLA Ex. 18, at 5; 17 U.S.C. 101.

*Settling Parties' Radio Surveys.* For the 1984 proceeding, as they had done in the 1982-83 proceeding, the Settling Parties offered into evidence ACEMLA's track record of performances on radio. According to ASCAP's methodology, if ACEMLA had been an ASCAP member in 1982-84, it would have earned 2,989 radio credits for 1982; 2,648 radio credits for 1983; and 3,053 radio credits for 1984. The 1984 results were based on the 200 titles described above. The 1982 and 1983 results were based on the 179 titles submitted in the 1982-83 proceeding.

Total radio credits earned by all ASCAP members were 13,320,833 in 1982; 14,263,660 in 1983; and 14,784,981 in 1984. Therefore, ACEMLA's radio credits as a percentage of all ASCAP radio credits were: 1982—0.02244%; 1983—0.01856%; 1984—0.02065%. Settling Parties Rebuttal, Testimony of Paul S. Adler, at 12-15.

BMI used the same parameters as ASCAP did in its study. BMI determined that if the earnings of ACEMLA's 200 claimed songs had been part of BMI's distribution for 1984, they would have accounted for 0.00185% of BMI's distribution for radio performances. Settling Parties Rebuttal, Testimony of Alan H. Smith, at 4-6. This compares with BMI's surveys for 1982 and 1983 which yielded a result of 0.002517%, and 0.003319%, respectively. Comments of ASCAP, BMI and SESAC, filed September 3, 1985, at 6-7.

#### *Conclusions of Law—ACEMLA's entitlement*

It is the Tribunal's conclusion that ACEMLA, appearing before the Tribunal as the assumed name of LAMCO, has shown entitlement to 0.06% of the 1984 jukebox royalty fund.

In the 1982-83 proceeding, the Tribunal stated the elements which LAMCO had shown which indicated to us that it merited some award (it was then LAMCO being considered because LAMCO had not yet filed its certificate of assumed name). LAMCO showed that: "it has agreements with some foreign entities; that it has a catalogue of thousands of songs; that it has demonstrated the production and distribution of some of its songs on 45 rpm records; it has demonstrated some popularity of its songs on hit songs charts" and that the Settling Parties had shown "that there has been some air play and some jukebox play of LAM(CO)'s songs." 50 FR 47582.

But we expressed immediately thereafter that although recognizing that some entitlement had been established, we were faced with the impossibility of determining a perfectly accurate mathematical approach. We began with the Settling Parties' radio surveys and their limited jukebox survey. ASCAP's radio survey would have given LAMCO approximately 0.02% entitlement; BMI's radio survey would have given LAMCO approximately 0.003% entitlement. The limited jukebox survey would have given LAMCO approximately 0.02% entitlement. However, we stated our belief that the radio surveys did not establish a direct relevance to jukebox play and could only be used by analogy, and we recognized too, that the Settling

Parties' joint limited jukebox survey had imperfections.

We, therefore, made an award to LAMCO of 0.15%, which was several times higher than the numerical evidence offered by the Settling Parties, choosing to resolve most of the problematical parts of the record in LAMCO's favor. We did this given the very fragmentary state of the record, and the difficulties of being precise in this area. However, we stated, "we expect that better efforts and better evidence will be attained in future proceedings." 50 FR 47582.

It is our belief that despite the opportunities afforded ACEMLA, that not only has there been no improvement in the record in the 1984 proceeding, rather, the record is weaker than in 1982-83. ACEMLA has submitted three types of evidence: the jukebox title strips, their analysis of the limited jukebox survey, and the hit songs charts for 1984.<sup>1</sup>

The exhibit on the jukebox title strips lacked any utility for the Tribunal. ACEMLA did not obtain the affidavit it promised to support the exhibit. ACEMLA did not indicate in its exhibit which or how many jukebox operators used the jukebox title strips, and on cross-examination, it was learned that the jukebox title strips were supplied to ACEMLA in 1986 or 1985, not in 1984, and no relevance to 1984 was established.

ACEMLA's analysis of the limited jukebox survey was careless and inaccurate. ACEMLA resolved every doubt that the ownership of a song in favor of ACEMLA by looking at titles alone, when many songs are known to have the same title. ACEMLA ended up claiming a numbers of songs which were in the Settling Parties' catalogues, and because of the time limitations of our proceedings, many other songs were left in a state of dispute between ACEMLA and the Settling Parties. However, ACEMLA's analysis of the limited jukebox survey can be afforded some credit because it did rebut somewhat the Settling Parties' view that there were only 45 listings of 23 songs in the jukebox survey which were in ACEMLA's catalogue. However, it was our view last year that there were

<sup>1</sup>In addition to this new evidence, ACEMLA incorporated by reference all the evidence of previous proceedings. Much of this related to 1982-83 which would be of limited relevance to our 1984 analysis. For ACEMLA's reintroduction of earlier demographic evidence, without any new facts or analyses, we restate our conclusion in last year's proceeding that general demographic evidence on Spanish-language music in the United States is not specifically probative of ACEMLA's claim. 50 FR 47580.



probably more ACEMLA works in the limited survey than the number of works determined by the Settling Parties. This view was one of the problematical parts of the record which we resolved in ACEMLA's favor in the last proceeding.

The hit songs charts submitted by ACEMLA continue to have some validity and tend to show that ACEMLA has some entitlement to the jukebox fund. However we note several things: ACEMLA's level of activity on the hit songs charts has remained the same as in 1982-83, so no more has been shown in this proceeding than in last proceeding. Further, we learned this year that a number of this year's charts and one of last year's charts did not represent 45 rpm records, but rather albums in which ACEMLA had a song or two. The activity of albums on hit records charts has only a tenuous connection with jukebox play. It is not known which are the songs on the albums which are responsible for the album's popularity, and which songs are not. We also observe that, for albums, it is not known, unless further proof is made, which songs are released as singles and are therefore eligible for jukebox play. Last, the Settling Parties raised challenges which were successful to the right of ACEMLA to represent some of its songs, and, as in the case of "La Banana," and "Caballo Viejo," songs appearing on the hit songs charts, it affected the probity of the charts.

Far from any perception that the state of the record has improved, the state of the record has noticeably declined. We note our frustration at the manner of the proofs offered by ACEMLA over the past two proceedings. *Incompletion.* The state of many of ACEMLA's exhibits were incomplete. We have already recited the example of the jukebox title strips. We also note the incomplete state of the certificate of assumed name exhibits in both the 1982-83 proceeding and the 1984 proceeding, and other examples exist as well. *Relation back.* ACEMLA exhibits often involved events taking place in 1985 or 1986, yet the Tribunal was not clearly informed of this. ACEMLA filed 18 letters in one exhibit to show the activity it had engaged in to license its music, yet only one letter was sent in the years in question, 1982-83. The jukebox title strips were delivered to ACEMLA in 1985-86, but we have no evidence that they were used in jukeboxes in 1984. Photocopies of 45 rpm records were offered in the 1982-83 proceeding, but some of them were copyrighted in 1984. Where something occurs in a year subsequent to the year in question, it must be clearly stated in the testimony

so that the relevance can be ascertained, as the Settling Parties did when they submitted the limited jukebox survey they conducted in 1985. *Inflation or exaggeration.* Finally, we perceived claims which were inflated or exaggerated. (1) Many album listings were circled, when only some of them contained ACEMLA-represented singles; (2) the Settling Parties successfully rebutted ACEMLA's right to represent many of ACEMLA's claimed songs; (3) ACEMLA claimed to have registered over 100 songs, yet so far only 8 have been found; (4) The 1982-83 exhibit of photocopied 45 rpm singles was submitted with many duplicates of the same songs; (5) ACEMLA claimed in the 1982 proceeding to have 20,000 titles, in the 1983 proceeding to have 30,000 titles, and in the 1984 proceeding to have 50,000 titles or more. While not being able to contradict this, we find we cannot give the benefit of the doubt to this last unsubstantiated claim, because ACEMLA has so often been rebutted on many of its other assertions.

It is not our inclination to fault small claimants, but we believe these patterns must be noted, because the resources of the Tribunal are not intended to be used to sort out a poorly constructed record. It is our view in all proceedings that the burden of persuasion is on the claimant, but it is particularly true for ACEMLA because of the manner of its evidence and testimony.

Therefore, the Tribunal believes that the record has declined this year, and that many of the doubts we resolved in ACEMLA's favor in the last proceeding will not be resolved in its favor in this proceeding.

We have determined to allocate 0.06% of the jukebox fund to ACEMLA, an amount approximately three times higher than the levels recommended by the Settling Parties. We retain doubts about the Settling Parties' recommended level, because the play of music in ethnic neighborhoods on jukeboxes, we believe, is of a different nature than radio play. We also have been satisfied by ACEMLA's assertion that the Settling Parties' determination of 45 listings of 23 songs in the jukebox survey may have been too low. In any event, given the limited nature of the 1982-83 jukebox survey, we believe that the mathematical range of error should be resolved in ACEMLA's favor.

#### Allocations

Accordingly, the Tribunal awards 0.06% of the 1984 jukebox royalty fund to ACEMLA as the assumed name of Latin American Music Co., Inc. The remainder of the fund is awarded to ASCAP, BMI, and SESAC, Inc.

Dated: November 25, 1986.

Edward W. Ray,  
Chairman.

[FR Doc. 86-27003 Filed 12-1-86; 8:45 am]  
BILLING CODE 1410-09-M

## DEPARTMENT OF DEFENSE

### Department of the Army

#### Military Traffic Management Command's Acceptance of Carrier Safety Ratings; Correction

**AGENCY:** Military Traffic Management Command (MTMC), Army, DoD.

In 51 FR 40063, November 4, 1986 make the following correction in the **DATE** caption:

**DATE:** Comments must be received by this agency not later than December 5, 1986.

John O. Roach II,

Department of the Army Liaison Officer with  
the Federal Register.

[FR Doc. 86-27013 Filed 12-1-86; 8:45 am]  
BILLING CODE 3710-08-M

## DEPARTMENT OF EDUCATION

[CFDA No. 84.133C]

#### Applications for Innovation Grants Under the National Institute on Disability and Rehabilitation Research for Fiscal Year 1987; Amendment

*Purpose:* The purpose of this notice is to amend an earlier closing date notice by specifying new categories of eligible applicants and fields of research, as authorized by the Rehabilitation Act Amendments of 1986 (Pub. L. 99-506). On July 15, the National Institute on Disability and Rehabilitation Research (NIDRR), formerly the National Institute of Handicapped Research, published in the *Federal Register* (51 FR 25594) a notice of a closing date for the transmittal of applications for Innovation Grants. The Rehabilitation Act Amendments of 1986, enacted in October, specify that Indian tribes and tribal organizations are included among eligible recipients of assistance under this program. The new law also authorizes support for research on recreation for individuals with handicaps and for research on supported employment under this program.

Deadline for Transmittal of Applications: Applications must be submitted by June 1, 1987. However, the Secretary may review and fund applications from time to time throughout the year.



*Applications Available:* August 15, 1986.

*Available Funds:* \$500,000.

*Estimated Range of Awards:* Awards must be no more than \$50,000.

*Estimated Average Size of Awards:* \$50,000.

*Project Period:* Twelve months.

*Applicable Regulations:* (a) Education Department General Administrative Regulations, 34 CFR Parts 74, 75, 77, and 78, and (b) National Institute on Disability and Rehabilitation Research Regulations, 34 CFR Parts 350 and 358.

*For Applications or Information Contact:* Salome Antczak, National Institute of Handicapped Research, U.S. Department of Education, 400 Maryland Avenue, SW., Washington, DC 20202. Telephone (202) 732-1141; deaf and hearing impaired individuals may call (202) 732-1198 for TTY services.

*Program Authority:* 29 U.S.C. 760-762.

Dated: November 26, 1986.

Madeleine Will,

*Assistant Secretary for Special Education and Rehabilitative Services.*

[FR Doc. 86-27046 Filed 12-1-86; 8:45 am]

BILLING CODE 4000-01-M

[CFDA No. 84.133G]

**Reopening Closing Date for Applications for Field-Initiated Research Projects Under the National Institute on Disability and Rehabilitation Research (NIDRR) for Fiscal Year 1987**

*Purpose:* On July 15, 1986, NIDRR (formerly the National Institute of Handicapped Research), published a notice in the *Federal Register* at 51 FR 25593 establishing September 30, 1986 as the first of two closing dates for the transmittal of applications for support for Field-Initiated Research.

Subsequently, the Amendments to the Rehabilitation Act of 1986 were enacted (Pub. L. 99-506), providing that Indian tribes and tribal organizations are also eligible to apply for these awards. The Act further specifies research dealing with supported employment and recreation for individuals with handicaps as eligible areas for study under this program. In order to make all potential applicants for this program aware of these changes and to give them an opportunity to submit applications, NIDRR is reopening the closing date for this competition. Organizations that have already submitted applications need not resubmit their applications; however, they may amend or resubmit their applications prior to the new closing date.

*Deadline for Transmittal of Applications:* The deadline for

submission of applications is December 31, 1986 (1st cycle) and March 16, 1987 (2nd cycle).

*Applications Available:* August 5, 1986.

*Available Funds:* \$3,300,000.

*Estimated Range of Awards:* \$75-\$100,000.

*Estimated Average Size of Awards:* \$85,000.

*Project Period:* Up to 36 months.

*Applicable Regulations:* (a) Education Department General Administrative Regulations 34 CFR Parts 74, 75, 77, and 78, (b) National Institute on Disability and Rehabilitation Research Regulations, 34 CFR Parts 350 and 357.

*For Applications or Information Contact:* Andrew Sostek, National Institute on Disability and Rehabilitation Research, U.S. Department of Education, 400 Maryland Avenue, SW., Washington, DC, 20202. Telephone: 732-1207; deaf and hearing impaired individuals may call (202) 732-1198 for TTY services.

*Program Authority:* 29 U.S.C. 760-762.

Dated: November 26, 1986.

Madeleine Will,

*Assistant Secretary for Special Education and Rehabilitative Services.*

[FR Doc. 86-27045 Filed 12-1-86; 8:45 am]

BILLING CODE 4000-01-M

**DEPARTMENT OF ENERGY**

**Federal Energy Regulatory Commission**

**Establishment of Performance Review Board; Names of Board Members**

Section 4314(c), United States Code (as amended by the Civil Service Reform Act of 1978), requires that the Federal Energy Regulatory Commission establish, in accordance with regulations prescribed by the Office of Personnel Management, one or more Performance Review Board(s) to review, evaluate, and make a final recommendation on performance appraisals assigned to members of the Senior Executive Service in the Commission. The Performance Review Board also makes written recommendations to the Chairman, Federal Energy Regulatory Commission regarding Senior Executive Service performance bonuses, awards, and performance-related actions.

Section 4314(c) of title 5, United States Code requires that notice of appointment of Performance Review Board members be published in the *Federal Register*. This amends the Commission's notice of August 7, 1986, in the *Federal Register* (51 FR 28423), to

add and delete names from the register of executives eligible to serve on a Performance Review Board:

**Delete**

William H. Satterfield;  
Ernest C. Baynard, III;  
Joseph J. Solters.

**Add**

Catherine C. Cook;  
G. Gail Watkins.

Issued in Washington, DC on November 28, 1986.

Kenneth F. Plumb,  
*Secretary.*

[FR Doc. 86-27162 Filed 12-1-86; 8:45 am]

BILLING CODE 6717-01-M

**ENVIRONMENTAL PROTECTION AGENCY**

[OPTS-59795; FRL-3121-9]

**Certain Chemical Premanufacture Notices**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice.

**SUMMARY:** Section 5(a)(1) of the Toxic Substances Control Act (TSCA) requires any person who intends to manufacture or import a new chemical substance to submit a premanufacture notice (PMN) to EPA at least 90 days before manufacture or import commences. Statutory requirements for section 5(a)(1) premanufacture notices are discussed in EPA statements of the final rule published in the *Federal Register* of May 13, 1983 (48 FR 21722). In the *Federal Register* of November 11, 1984, (49 FR 46066) (40 CFR 723.250), EPA published a rule which granted a limited exemption from certain PMN requirements for certain types of polymers. PMNs for such polymers are reviewed by EPA within 21 days of receipt. This notice announces receipt of fifteen such PMNs and provides a summary of each.

**DATES:** Close of Review Period: Y 87-35, December 4, 1986. Y 87-36, 87-37, 87-38, Y 87-39, 87-40, and 87-41, December 7, 1986. Y 87-42, 87-43, 87-44, and 87-46, December 8, 1986. Y 87-47, 87-48, and 87-49, December 9, 1986. Y 87-50, December 10, 1986.

**FOR FURTHER INFORMATION CONTACT:** Wendy Cleland-Hamnett, Premanufacture Notice Management Branch, Chemical Control Division (TS-794), Office of Toxic Substances, Environmental Protection Agency, Rm.



E-611, 401 M Street SW., Washington, DC 20460, (202) 382-3725.

**SUPPLEMENTARY INFORMATION:** The following notice contains information extracted from the non-confidential version of the submission by the manufacturer on the exemption received by EPA. The complete non-confidential document is available in the Public Reading Room NE-G004 at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding legal holidays.

**Y 87-35**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyester resin.  
*Use/Production.* (S) Coatings. Prod. range: Confidential.

*Toxicity Data.* No data submitted.  
*Exposure.* Manufacture and processing: dermal, a total of 8 workers, up to 8 hrs/day.

*Environmental Release/Disposal.* No release. Disposal by incineration.

**Y 87-36**

*Manufacturer.* Polychrome Chemicals Corporation.

*Chemical.* (S) Urethane polymer of linseed oil 2-ethyl-2-(hydroxymethyl)-1,3-propanediol, and benzene,1,3-diisocyanato methyl-.

*Use/Production.* (S) Industrial resin modifier for varnishes and paints. Prod. range: 220,000 to 880,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-37**

*Manufacturer.* Confidential.  
*Chemical.* (G) Coconut oil alkyd resin.  
*Use/Production.* (S) Industrial component for industrial lacquers. Prod. range: 29,500 to 66,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-38**

*Manufacturer.* Confidential.  
*Chemical.* (G) Silicone modified alkyd resin.

*Use/Production.* (S) Industrial component for finish for agriculture implement. Prod. range: 36,000 to 108,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-39**

*Manufacturer.* Confidential.  
*Chemical.* (G) Tall oil alkyd resin.

*Use/Production.* (S) Industrial component in industrial baking finish. Prod. range: 100,000 to 325,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-40**

*Manufacturer.* Confidential.  
*Chemical.* (G) Acrylic polyol.  
*Use/Production.* (S) Industrial polyol for two-component urethane industrial coating. Prod. range: 30,000 to 130,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-41**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyester polyol.  
*Use/Production.* (S) Industrial component for industrial textile coating. Prod. range: 21,000 to 37,500 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-42**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyester resin.  
*Use/Production.* (S) Coatings. Prod. range: Confidential.

*Toxicity Data.* No data submitted.  
*Exposure.* Manufacturer: dermal, a total of 8 workers, up to 8 hrs/day.  
*Environmental Release/Disposal.* No release.

**Y 87-43**

*Manufacturer.* Confidential.  
*Chemical.* (G) Short oil alkyd resin.  
*Use/Production.* (S) Industrial component for industrial baked coating. Prod. range: 49,500 to 88,200 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-44**

*Importer.* Confidential.  
*Chemical.* (G) Polyester polyol.  
*Use/Import.* (S) Reactant for polyurethane manufacture. Import range: Confidential.

*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

**Y 87-46**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyacrylic acid-polyethylene glycol copolymer.  
*Use/Production.* (G) Water conditioner. Prod. range: Confidential.

*Toxicity Data.* Acute oral: 5.0 g/kg; Irritation: Skin-Mild irritant, Eye-Non-irritant.

*Exposure.* Manufacture and processing: dermal, a total of 17 workers, up to 8 hrs/day, up to 250 days/yr.

*Environmental Release/Disposal.* 0.5 to 10 kg/batch released to sewer. Disposal by Publicly Owned Treatment Work (POTW).

**Y 87-47**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyester polyol.  
*Use/Production.* (S) Industrial component to industrial polyester coating. Prod. range: 135,000 to 170,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-48**

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyester diol.  
*Use/Production.* (S) Industrial component of industrial coating. Prod. range: 70,000 to 205,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-49**

*Manufacturer.* Confidential.  
*Chemical.* (G) Unsaturated polyester.  
*Use/Production.* (S) Industrial component of industrial sheet molding compound resin. Prod. range: 44,300 to 59,000 kg/yr.

*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

**Y 87-50**

*Importer.* Degussa Corporation and BASF Corporation.

*Chemical.* (G) Adipic acid polyester.  
*Use/Import.* (G) Plasticizer-open dispersive use. Import range: Confidential.

*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* No release.

Dated: November 24, 1986.

Denise Devoe,

Acting Division Director, Information Management Division.

[FR Doc. 86-27039 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M



[OPTS-51651 FRL-3122-2]

**Certain Chemicals Premanufacture Notices****AGENCY:** Environmental Protection Agency (EPA).**ACTION:** Notice.

**SUMMARY:** Section 5(a)(1) of the Toxic Substances Control Act (TSCA) requires any person who intends to manufacture or import a new chemical substance to submit a premanufacture notice (PMN) to EPA at least 90 days before manufacture or import commences. Statutory requirements for section 5(a)(1) premanufacture notices are discussed in EPA statements of the final rule published in the *Federal Register* of May 13, 1983 (48 FR 21722). This notice announces receipt of thirty such PMNs and provides a summary of each.

**DATES:** Close of Review Period:

P 87-217, 87-218, 87-219, 87-220, 87-221, 87-222, 87-223, 87-224, 87-225, 87-226, and 87-227, February 11, 1987.

P 87-228, February 14, 1987.

P 87-229, 87-230, 87-231, 87-232, 87-333, 87-234, 87-235, 87-236, 87-237, 87-238, 87-239, and 87-245, February 15, 1987.

P 87-240, 87-241, 87-242, 87-243, and 87-244, February 16, 1987.

P 87-246, February 17, 1987.

Written comments by:

P 87-217, 87-218, 87-219, 87-220, 87-221, 87-222, 87-223, 87-224, 87-225, 87-226, and 87-227, January 12, 1987.

P 87-228, January 15, 1987.

P 87-229, 87-230, 87-231, 87-232, 87-333, 87-234, 87-235, 87-236, 87-237, 87-238, 87-239, and 87-245, January 16, 1987.

P 87-240, 87-241, 87-242, 87-243, and 87-244, January 17, 1987.

P 87-246, January 18, 1987.

**ADDRESS:** Written comments, identified by the document control number "[OPTS-51651]" and the specific PMN number should be sent to: Document Control Officer (TS-790), Confidential Data Branch, Information Management Division, Office of Toxic Substances, Environmental Protection Agency, Rm. E-201, 401 M Street SW., Washington, DC 20460, (202) 382-3522.

**FOR FURTHER INFORMATION CONTACT:**

Wendy Cleland-Hamnett, Premanufacture Notice Management Branch, Chemical Control Division (TS-794) Office of Toxic Substances, Environmental Protection Agency, Rm. E-611, 401 M Street, SW., Washington, DC 20460, (202) 382-3725.

**SUPPLEMENTARY INFORMATION:** The following notice contains information extracted from the non-confidential version of the submission provided by the manufacturer on the PMNs received

by EPA. The complete non-confidential document is available in the Public Reading Room NE-G004 at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding legal holidays.

**P 87-217****Manufacturer:** Confidential.**Chemical:** (G) Copolymer with neopentyl glycol.**Use/Production:** (G) Dispersively used industrial coating. Prod. range: 10,000 to 50,000 kg/yr.**Toxicity Data:** No data on PMN substance submitted.**Exposure:** Manufacture and processing: dermal, a total 28 workers, up to 8 hrs/day, up to 38 days/yr.**Environmental Release/Disposal:** 3 to 187 kg/batch released to land. Disposal by incineration and approved landfill.**P 87-218****Manufacturer:** Confidential.**Chemical:** (G) Acrylic resin.**Use/Production:** (S) Site-limited and industrial coatings. Prod. range: Confidential.**Toxicity Data:** No data submitted.**Exposure:** Manufacture: dermal, a total of 10 workers, up to 8 hrs/day.**Environmental Release/Disposal:** No release.**P 87-219****Importer:** DeVoe-Holbein Incorporated.**Chemical:** (G) Hydroxylalkyl metallic oxide.**Use/Production:** (G) Component in wastewater treatment systems contained use. Import. range: Confidential.**Toxicity Data:** No data submitted.**Exposure:** Use: dermal.**Environmental Release/Disposal:** No release.**P 87-220****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute oral: > 5 g/kg; Acute dermal: 5,000 mg/kg; Irritation: Skin—Very mild, Eye—Mild.**Exposure:** Confidential.**Environmental Release/Disposal:** Confidential. Disposal by navigable waterway.**P87-221****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute Oral: > 5 g/kg; Acute dermal: 5,000 mg/kg; Irritation: Skin—Very Mild, Eye—Mild.**Exposure:** Confidential.**Environmental Release/Disposal:** Confidential. Disposal by navigable waterway.**P87-222****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute Oral: > 5 g/kg;

Acute dermal: 5,000 mg/kg; Irritation:

Skin—Very Mild, Eye—Mild.

**Exposure:** Confidential.**Environmental Release/Disposal:**

Confidential. Disposal by navigable waterway.

**P87-223****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute Oral: > 5 g/kg;

Acute dermal: 5,000 mg/kg; Irritation:

Skin—Very Mild, Eye—Mild.

**Exposure:** Confidential.**Environmental Release/Disposal:**

Confidential. Disposal by navigable waterway.

**P87-224****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute Oral: > 5,000 g/

kg; Acute dermal: 5,000 mg/kg; Irritation:

Skin—Non-irritant, Eye—Mild.

**Exposure:** Confidential.**Environmental Release/Disposal:** No release.**P87-225****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.**Toxicity Data:** Acute Oral: > 5,000 g/

kg; Acute dermal: 5,000 mg/kg; Irritation:

Skin—Non-irritant, Eye—Mild.

**Exposure:** Confidential.**Environmental Release/Disposal:** No release.**P87-226****Manufacturer:** Confidential.**Chemical:** (G) Substituted dicarboxylic acid.**Use/Production:** (G) Process intermediate. Prod. range: Confidential.



*Toxicity Data.* Acute Oral: > 5,000 g/kg; Acute dermal: 5,000 mg/kg; Irritation: Skin—Non-irritant, Eye—Mild.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* No release.

## P87-227

*Manufacturer.* Confidential  
*Chemical.* (G) Substituted dicarboxylic acid.  
*Use/Production.* (G) Process intermediate. Prod. range: Confidential.  
*Toxicity Data.* Acute Oral: 5,000 mg/kg; Acute dermal: 5,000 mg/kg; Irritation: Skin—Very Mild, Eye—Irritant.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* No release.

## P87-228

*Manufacturer.* Confidential  
*Chemical.* (G) Halogenated polyester diisocyanate prepolymer.  
*Use/Production.* (S) Component for industrial urethane molding resins. Prod. range: 15,500 to 77,500 kg/yr.  
*Toxicity Data.* No data submitted.  
*Exposure.* Manufacture: dermal, a total of 9 workers, up to 1 hr/day, up to 15 days/yr.  
*Environmental Release/Disposal.* 5 to 1,000 kg/batch released to control technology. Disposal by incineration.

## P87-229

*Importer.* Biddle Sawyer Corporation.  
*Chemical.* (G) Dye mixture.  
*Use/Import.* (S) Textile and leather dye. Import range: 70,000 kg/yr.  
*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No release.

## P-87-230

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyurethane intermediate.  
*Use/Production.* (G) Wire enamel. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-231

*Manufacturer.* Confidential.  
*Chemical.* (G) Cresol blocked isocyanate.  
*Use/Production.* (G) Wire enamel. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-232

*Importer.* Confidential.

*Chemical.* (G) Cyclohexane carbanol acetate.

*Use/Import.* (G) Highly dispersive use. Import range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-233

*Manufacturer.* E.I. du Pont de Nemours and Company, Inc.  
*Chemical.* (G) Substituted acrylic polymer.  
*Use/Production.* (G) Open, non-dispersive use. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Manufacture: dermal, a total of 7 workers.  
*Environmental Release/Disposal.* No release. Disposal by incineration.

## P-87-234

*Manufacturer.* NL Chemicals.  
*Chemical.* (G) Water-dispersible polyester resin.  
*Use/Production.* (G) Open, non-dispersive manner. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* No release.

## P-87-235

*Importer.* Confidential.  
*Chemical.* (G) Alkyl-di(3-[2-ethylhexyloxy]-2-hydroxypropyl) derivative, phosphoric acid esters, potassium salts.  
*Use/Import.* (G) Mining chemical. Import range: Confidential.  
*Toxicity Data.* Acute oral 5.0 g/kg; Irritation: Skin—Very slight, Eye—Irritant; Ames test: Non-mutagenic.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

## P-87-236

*Importer.* Osakagodo America, Incorporated.  
*Chemical.* (S) Chromate(1), bis[1-[(5-chloro-2-hydroxy phenyl)azo]-2-naphthalenolato(2-)]-, hydrogen, compound with 1-tetradecanamine (1:1).  
*Use/Import.* (S) Industrial negative charge control agent for toner in xerography process. Import range: 1,000 to 5,000 kg/yr.  
*Toxicity Data.* Acute oral: 5,000 mg/kg.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

## P-87-237

*Importer.* Confidential.

*Chemical.* (G) Water based acrylic copolymer solution.

*Use/Import.* (G) Temporary coating. Import range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* No data submitted.  
*Environmental Release/Disposal.* No data submitted.

## P-87-238

*Importer.* Confidential.  
*Chemical.* (G) Disubstituted methaneone.  
*Use/Import.* (S) Chemical intermediate. Import range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Processing: a total of 1 worker, up to 4 hrs/day.  
*Environmental Release/Disposal.* No data submitted.

## P-87-239

*Manufacturer.* Confidential.  
*Chemical.* (G) Polyaromatic ketone.  
*Use/Production.* (S) Thermoplastic. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-240

*Manufacturer.* Confidential.  
*Chemical.* (G) Ester imide.  
*Use/Production.* (G) Coating. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-241

*Manufacturer.* Confidential.  
*Chemical.* (G) Imide.  
*Use/Production.* (G) Coating. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

## P-87-242

*Manufacturer.* Olin Corporation  
*Chemical.* (S) Polymer of polypropylene glycol ether; olin poly-G; fumaric acid; and di-tertbutyl peroxide.  
*Use/Production.* (S) Adhesive—raw material for synthesis of adhesives; protective coating—raw material for synthesis of protective coatings. Prod. range: Confidential.  
*Toxicity Data.* Acute oral: 2.2 g/kg; Irritation: Skin—Irritant, Eye—Irritant.  
*Exposure.* Manufacture: dermal, a total of 5 workers, up to 1 hr/day, up to 200 days/yr.  
*Environmental Release/Disposal.* 4 to 2,500 kg/year released to land. Disposal



by incineration, approved landfill and activated sludge treatment plants.

P-87-243

*Manufacturer.* Confidential.  
*Chemical.* (G) Substituted polyacrylates.  
*Use/Import.* (G) Resin for paints.  
*Import Range:* Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

P-87-244

*Importer.* Confidential.  
*Chemical.* (G) Substituted polyacrylates.  
*Use/Import.* (G) Resin for adhesives.  
*Import range:* Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

P-87-245

*Importer.* Confidential.  
*Chemical.* (G) Diurea crystals.  
*Use/Import.* (G) Resin for adhesives.  
*Import Range:* Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

P-87-246

*Manufacturer.* Confidential.  
*Chemical.* (G) Poly(vinyl ester co-unsaturated dicarboxylic acid ester co-olefin co-acrylate).  
*Use/Production.* (G) Laminating adhesive. Prod. range: Confidential.  
*Toxicity Data.* No data submitted.  
*Exposure.* Confidential.  
*Environmental Release/Disposal.* Confidential.

Dated: November 24, 1986.

Denise Devoe,

Acting Division Director, Information Management Division.

[FR Doc. 86-27040 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

[Docket No. F-86-CLDD-FFFF; FRL-3120-8]

**Hazardous Waste; Design, Construction, and Evaluation of Clay Liners for Waste Management Facilities**

**AGENCY:** Environmental Protection Agency.

**ACTION:** Notice of availability of public comment draft technical resource document.

**SUMMARY:** The Environmental Protection Agency (EPA) announces the

availability of a 600 page draft Technical Resource Document (TRD) entitled, "Design, Construction, and Evaluation of Clay Liners for Waste Management Facilities" (EPA/530-SW-86-007) for public review and comment. The document is presently available for purchase from the National Technical Information Service and is available for inspection at a number of EPA facilities.

**DATES:** Comments must be received by February 15, 1987 or postmarked on that date.

**ADDRESSES:** Those persons interested in commenting on the document will be able to obtain copies as follows:

(1) The document can be purchased from the National Technical Information Service (NTIS) either as a paper copy (\$40.95) or as microfiche (\$5.95).

National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161, Telephone: 703-487-4650, NTIS Order No. PB 86-184496/AS.

Requestors should cite the title, NTIS order number, and the EPA number that has been assigned to the document, EPA/530-SW-86-007.

(2) The document will also be available for public inspection at the: Public Information Reference Unit, U.S. Environmental Protection Agency, Room M2404, 401 "M" Street, SW., Washington, DC 20460; EPA Library (MD-35), U.S.

Environmental Protection Agency, Environmental Research Center, Research Triangle Park, NC 27711; EPA Library, U.S. Environmental Protection Agency, Andrew W. Breidenbach Environmental Research Center, 26 West Saint Clair Street, Cincinnati, OH 45268

and at all ten of the EPA Regional Office Libraries during their operating hours.

One original and one copy of all comments on this document should be sent to the following address: EPA RCRA Docket (S-212), U.S. Environmental Protection Agency (WH-562), 401 "M" Street, SW., Washington, DC 20460.

Comments should list the docket number (F-86-CLDD-FFFF) and should identify the document by title and number; e.g. "Design, Construction, and Evaluation of Clay Liners for Waste Management Facilities," (EPA/530-SW-86-007).

**FOR FURTHER INFORMATION CONTACT:** Mike Roulier at (513) 569-7796 or FTS: 684-7796.

**SUPPLEMENTARY INFORMATION:** This Technical Resource Document (TRD) is a compilation of information, available as of August 1985, on the design, construction, and evaluation of clay

liners for waste landfills, surface impoundment, and wastepiles. The information was obtained from the literature and from in-depth interviews with design and construction engineers and other knowledgeable individuals in both the private and government sectors. As a consequence, some information is presented for the first time in this document.

The broad topics covered are: Clays, with emphasis on their composition, fabric, and hydraulic properties; geotechnical test methods and soil properties including index properties, soil classification, and hydraulic conductivity testing; clay chemical compatibility including a discussion of the mechanisms of interaction and comprehensive compilation of existing test data from the literature and private sources; construction and quality assurance; clay liner failure mechanisms; the performance of existing clay liners based on case studies of 17 sites; and methods for predicting transit time of water and liquids through clay liners.

A TRD is one of the three types of documents that EPA is developing for preparers and reviewers of permit applications for hazardous waste land treatment, storage, and disposal facilities. The other two types of documents are RCRA Guidance Documents and Permit Guidance Manuals.

RCRA Guidance Documents present design and operating specifications or design evaluation techniques that generally comply with or demonstrate compliance with Design and Operating Requirements and the Closure and Post-Closure Requirements of 40 CFR Part 264.

The Permit Guidance Manuals are being developed to describe the permit application information the Agency seeks and to provide guidance to applicants and permit writers in addressing information requirements. These manuals will include a discussion of each step in the permitting process and a description of each set of specifications that must be considered for inclusion in the permit.

TRDs present state-of-the-art summaries of technologies and evaluation techniques determined by the Agency to constitute good engineering designs, practices, and procedures. They support the RCRA Guidance Documents and Permit Guidance Manuals by describing current technologies and methods for designing hazardous waste facilities or for evaluating the performance of a facility design. Although emphasis is given to



hazardous waste facilities, the information presented in a TRD may be used for designing and operating nonhazardous waste LTSD facilities as well. Whereas the RCRA Guidance Documents and Permit Guidance Manuals are directly related to the regulations, the information in a TRD covers a broader perspective and should not be used to interpret the requirements of regulations.

This document is a first edition draft being made available for public review and comment. It has undergone review by recognized experts in the technical areas covered, but Agency peer review processing has not yet been completed. Public comment is desired on the accuracy and usefulness of the information presented in this document. Comments received will be evaluated and suggestions for improvement will be incorporated, wherever feasible, before publication of the second edition.

Dated: November 21, 1986.

Vaun A. Newill,

Assistant Administrator for Research and Development.

[FR Doc. 86-27041 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### [FRL-3120-2]

#### Science Advisory Board, Radiation Advisory Committee; Open Meeting

Under Pub. L. 92-463, notice is hereby given that a meeting of the Science Advisory Board's Radiation Advisory Committee will be held on December 17, 1986 in the Administrator's Conference Room, 1101 West Tower of the U.S. Environmental Protection Agency's headquarters building at 401 M St., SW., Washington, DC. The meeting will begin at 8:30 a.m. on Wednesday and adjourn no later than 5:00 p.m. Thursday.

The purpose of the meeting is to continue the review of the *EPA Idaho Radionuclide Exposure Study* and consider the report of the Drinking Water Subcommittee.

The meeting is open to the public; however, seating is limited. Any member of the public wishing to attend or obtain information should contact Mrs. Kathleen Conway, Executive Secretary, or Mrs. Dorothy Clark, Staff Secretary, (A101-F) Radiation Advisory Committee, Science Advisory Board, by noon on December 12, 1986. The telephone number is (202) 382-2552.

Dated: November 20, 1986.

Kathleen Conway,

Acting Director, Science Advisory Board.

[FR Doc. 86-27036 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### [FRL-3122-4]

#### Risk Assessment Forum Report on Hepatocellular Lesions; Availability

**AGENCY:** U.S. Environmental Protection Agency.

**ACTION:** Notice of availability of risk assessment forum report.

**SUMMARY:** This notice announces the availability of a report entitled "Proliferative Hepatocellular Lesions of the Rat: Review and Future Use in Risk Assessment," which was prepared for the EPA Risk Assessment Forum by a Technical Panel of Agency scientists. The report presents the scientific basis for Agency guidance on the role of "neoplastic nodules" and other controversial rat liver lesions in cancer risk assessment. It includes an analysis of the major literature on these lesions and presents science policy recommendations regarding the appropriate use of data on these lesions in assessing human cancer risk.

**ADDRESS:** To obtain a single copy of this document, interested parties should contact the ORD Publications Office, CERL, U.S. Environmental Protection Agency, 26 W. St. Clair St., Cincinnati, OH 45268, (513) 569-7562 (FTS: 694-7562).

**FOR FURTHER INFORMATION CONTACT:** Linda Tuxen, (202) 475-6743 (FTS: 475-6743).

**SUPPLEMENTARY INFORMATION:** The EPA Risk Assessment Forum was established to promote scientific consensus on risk assessment issues and to ensure that this consensus is incorporated into appropriate risk assessment guidance for EPA scientists. To accomplish this, the Risk Assessment Forum calls on risk assessment experts from throughout the Agency to study and report on such issues from an Agency-wide scientific perspective.

"Neoplastic nodules" are atypical cell clusters that are found upon histopathological examination of rat livers; the incidence of these nodules is often increased in the livers of rats exposed to liver carcinogens. Several EPA offices were concerned about the most scientifically appropriate way to evaluate data on these lesions in conducting risk assessments, and referred their questions to the Risk Assessment Forum.

The Forum report analyzes the major scientific literature pertaining to "neoplastic nodules" and other hepatocellular lesions, and presents science policy recommendations to guide EPA scientists on the appropriate use of data on these lesions in assessing human cancer risk. The report thus

expands upon the guidance given in EPA's new Guidelines for Carcinogen Risk Assessment (see 51 Federal Register (33992-34003, September 24, 1986).

A preliminary draft of the report was reviewed by scientists from throughout EPA and by other (non-EPA) scientific experts in this field. The peer review comments were incorporated as appropriate.

Dated: November 21, 1986.

Vaun A. Newill,

Assistant Administrator for Research and Development.

[FR Doc. 86-27035 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

#### [WH-FRL-3119-3]

#### National Response Team; Proposed Hazardous Materials Emergency Planning Guide (Hazmat Planning Guide)

**AGENCY:** National Response Team, EPA

**ACTION:** Notice of availability of guidance.

**SUMMARY:** The National Response Team (NRT) announces the availability of the proposed "Hazardous Materials Emergency Planning Guide" (Hazmat Planning Guide) being published under NRT planning and coordination authorities (40 CFR 300.32) and pursuant to requirements of Title III section 303(f) of the Superfund Amendments and Reauthorization Act of 1986 (SARA). Title III of SARA, also known as the Emergency Planning and Community Right-to-Know Act of 1986, requires the NRT to publish guidance documents for the preparation and implementation of emergency plans.

The National Response Team is required to publish guidance documents for preparation and implementation of emergency plans by March 17, 1987. When final, the proposed guide issued by the NRT will fulfill this Title III requirement. The guide is intended to be of value to communities planning for general hazardous materials incidents as well as those planning for extremely hazardous substances as defined in Title III.

**DATE:** Comments are solicited on the proposed guide, particularly those references added reflecting Title III requirements. Comments are due January 15, 1987.

**ADDRESSES:** Comments on the proposed Hazardous Materials Emergency Planning Guide should be mailed to: Comments—Emergency Planning Guide,



WH-548A, 401 M Street, SW.,  
Washington, DC 20460.

Any organization which requested FEMA-10 but has not received a copy because it was out of stock will automatically be sent a copy of the proposed guide. Additionally, all organizations which received a copy of the June 30 draft for review will be sent a copy of the proposed guide. Distribution of the proposed guide is expected to be in early December 1986. Other interested parties should write to the following address for a copy of the proposed guide:

Proposed Hazardous Materials  
Emergency Planning Guide, P.O. Box  
72274, Washington, DC 20024.

**FOR FURTHER INFORMATION CONTACT:**

John Gustafson, Environmental  
Protection Agency, Telephone: 1-800-  
535-0202

Karen Sagett, Federal Emergency  
Management Agency, Telephone: 202/  
646-4648

Jim Cumming, U.S. Coast Guard,  
Telephone: 202/267-0442

Vallary Sandstrom, Research and  
Special Programs Administration,  
Department of Transportation,  
Telephone: 202/366-4439

E. Kent Gray, Agency for Toxic  
Substances and Disease Registry,  
Department of Health and Human  
Services, Telephone: 404/452-4100

Lou Polito, Occupational Safety and  
Health Administration, Department of  
Labor, Telephone: 202/523-7056

**SUPPLEMENTARY INFORMATION:** The NRT is designated by the National Oil and Hazardous Substances Contingency Plan (NCP) as the body responsible for national preparedness, planning, and coordination of response actions related to oil discharges and hazardous substance releases (40 CFR 300.32). It is composed of 14 Federal agencies having major responsibilities in environmental, safety, transportation, and public health areas. Member NRT agencies are the Environmental Protection Agency, Department of Transportation/U.S. Coast Guard, Department of Commerce, Department of the Interior, Department of Agriculture, Department of Defense, Department of State, Department of Justice, Department of Transportation/Research and Special Programs Administration, Department of Health and Human Services, Federal Emergency Management Agency, Department of Energy, Department of Labor, and Nuclear Regulatory Commission.

The purpose of the "Hazmat Planning Guide" is to assist local communities in

planning for hazardous materials incidents. The guide was developed cooperatively by NRT member agencies. It replaces the Federal Emergency Management Agency's "Planning Guide and Checklist for Hazardous Materials Contingency Plans" (known as FEMA-10), as well as general portions of the Environmental Protection Agency's "Chemical Emergency Preparedness Program (CEPP) Interim Guidance." EPA will publish final CEPP technical materials separately including site-specific guidance, criteria for identifying extremely hazardous substances, a list of extremely hazardous substances and chemical profiles for each substance.

The proposed guide also references portions of Department of Transportation publications including "A Report on the Lessons Learned from State and Local Experiences in Accident Prevention and Response Planning for Hazardous Materials Transportation" and "Community Teamwork: Working Together to Promote Hazardous Materials Transportation Safety." Further, the guide covers health, medical, natural resources, and related concerns of other RNT member agencies.

The Superfund Amendments and Reauthorization Act of 1986 (SARA) became law on October 17, 1986. SARA includes the Emergency Planning and Community Right-to-Know Act separately as Title III. Title III requires that emergency plans be developed locally covering facilities producing, using, or storing extremely hazardous substances in excess of certain threshold planning quantities to be determined by EPA. The list of threshold planning quantities for the list of 402 chemicals in the EPA Chemical Emergency Preparedness Program (CEPP) Interim Guidance was published interim final in the Federal Register on November 17, 1986.

To manage the preparation, implementation, and review of emergency plans, Title III requires the establishment of an organizational structure at the State/local level. More specifically, the Governor of each State must appoint a State emergency response commission (which may be one or more existing State emergency response organizations) by April 17, 1987. Each State emergency response commission, in turn, designates emergency planning districts (which could be existing political subdivisions of multijurisdictional planning organizations), appoints local emergency planning committees for each

district, and supervises and coordinates their activities. Local emergency planning committees are required to complete emergency plans within two years after enactment of Title III (October 17, 1988).

Local emergency plans must identify facilities within the emergency planning district that are subject to Title III requirements, as well as identify routes likely to be used for transportation of substances on the list of extremely hazardous substances. The plans are required to include methods and procedures to be followed by facility owners and operators and local emergency and medical personnel to respond to any releases of such substances. Title III also indicates other plan requirements related to emergency coordinators, notification, methods for determining the occurrence of a release, availability of emergency equipment and facilities, evacuation, training, and exercises. These elements are all described in the proposed "Hazmat Planning Guide."

With enactment of Title III, the draft "Hazmat Planning Guide" established under existing NCP authority was modified to reference Title III requirements in appropriate sections. The final guide will include a more complete discussion of these requirements.

Drafts of the guide have received extensive review. On June 30, 1986 a draft was distributed for review and comment to more than 400 Federal, State, and local government officials, associations, industry, and environmental groups. The CEPP Interim Guidance was available for comment in late 1985. Finally, two draft revisions of FEMA-10 were circulated for review earlier in 1985. The proposed guide is responsive to comments received on these prior versions. Given this extensive review, communities and others are encouraged to begin using the guide immediately in planning for hazardous materials and extremely hazardous substances as defined in Title III. It is not anticipated that the planning process presented in the final document will differ materially from the proposed guide.

It is anticipated that a public meeting will be held in Washington, DC, and perhaps at other locations across the country, to discuss the guide and solicit additional comments. A notice of any



forthcoming public meeting will be published in the **Federal Register**.

**James Makris,**

*Environmental Protection Agency, Chairman,  
National Response Team.*

**Captain Robert L. Storch,**

*U.S. Coast Guard, Vice Chairman, National  
Response Team.*

[FR Doc. 86-27042 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

## FEDERAL EMERGENCY MANAGEMENT AGENCY

[FEMA-779-DR]

### Missouri; Amendment to Notice of a Major-Disaster Declaration

**AGENCY:** Federal Emergency  
Management Agency.

**ACTION:** Notice.

**SUMMARY:** This notice amends the notice of a major disaster for the State of Missouri (FEMA-779-DR), dated October 14, 1986, and related determinations.

**DATED:** November 25, 1986.

**FOR FURTHER INFORMATION CONTACT:**

Sewall H.E. Johnson, Disaster Assistance Programs, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-3616.

#### Notice

The notice of a major disaster for the State of Missouri, dated October 14, 1986, is hereby amended to include the following areas among those areas determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of October 14, 1986: McDonald Country and the City of Sweet Springs for Public Assistance.

(Catalog of Federal Domestic Assistance No. 83.516, Disaster Assistance)

**Dave McLoughlin,**

*Deputy Associate Director, State and Local  
Programs and Support, Federal Emergency  
Management Agency.*

[FR Doc. 86-27004 Filed 12-1-86; 8:45 am]

BILLING CODE 6718-02-M

## FEDERAL MARITIME COMMISSION

### Filing and Effective Date of Agreement

The Federal Maritime Commission hereby gives notice, that on November 17, 1986, the following agreement was filed with the Commission pursuant to section 5, Shipping Act of 1984, and was deemed effective that date, to the extent it constitutes assessment as described in paragraph (d) of section 5, Shipping Act of 1984.

*Agreement No.:* 201-000083-003.

*Title:* Master Contract Assessment Agreement.

*Parties:*

New York Shipping Association, Inc.  
Carriers Container Council.

JSP Agency, Inc.

Boston Shipping Association, Inc.

International Longshoremen's

Association, AFL-CIO

Atlantic Coast District, ILA, AFL/CIO

South Atlantic & Gulf Coast District  
ILA, AFL/CIO

*Synopsis:* The amendment provides for the settlement of Master Contract Issues agreed to on October 31, 1986.

Dated: November 26, 1986.

By order of the Federal Maritime Commission.

**Joseph C. Polking,**

*Secretary.*

[FR Doc. 86-27020 Filed 12-1-86; 8:45 am]

BILLING CODE 6730-01-M

### Filing and Effective Date of Agreement

The Federal Maritime Commission hereby gives notices, that on November 17, 1986, the following agreement was filed with the Commission pursuant to section 5, Shipping Act of 1984, and was deemed effective that date, to the extent it constitutes an assessment as described in paragraph (d) of section 5, Shipping Act of 1984.

*Agreement No.:* 201-000086-002.

*Title:* Port of Greater New York and New Jersey Assessment Agreement.

*Parties:*

New York Shipping Association, Inc.  
International Longshoremen's

Association, AFL-CIO

*Synopsis:* The amendment provides for the settlement of local conditions at the Port of Greater New York and New Jersey agreed to on October 31, 1986.

Dated: November 26, 1986.

By order of the Federal Maritime Commission.

**Joseph C. Polking,**

*Secretary.*

[FR Doc. 86-27021 Filed 12-1-86; 8:45 am]

BILLING CODE 6730-01-M

### Agreements Filed

The Federal Maritime Commission hereby gives notice of the filing of the following agreement(s) pursuant to section 5 of the Shipping Act of 1984.

Interested parties may inspect and obtain a copy of each agreement at the Washington, DC Office of the Federal Maritime Commission, 1100 L Street NW., Room 10325. Interested parties may submit comments on each

agreement to the Secretary, Federal Maritime Commission, Washington, DC 20573, within 10 days after the date of the **Federal Register** in which this notice appears. The requirements for comments are found in § 572.603 of Title 46 of the Code of Federal Regulations. Interested persons should consult this section before communicating with the Commission regarding a pending agreement.

*Agreement No.:* 202-009548-035.

*Title:* United States Atlantic and Gulf Ports/Eastern Mediterranean and North African Freight Conference.

*Parties:*

Farrell Lines, Inc.

Lykes Bros. Steamship Co., Inc.

Waterman Steamship Corporation

Pharos Lines, S.A.

*Synopsis:* The proposed amendment would modify the independent action provisions of the agreement to comply with the Commission's regulations.

*Agreement No.:* 202-010636-020.

*Title:* U.S. Atlantic-North Europe Conference.

*Parties:*

Allantic Container Line (G.I.E.)

Dart-ML Limited

Hapag-Lloyd AG

Sea-Land Service, Inc.

United States Lines, Inc.

Compagnie Generale Maritime (CGM)

Trans Freight Lines

Gulf Container Line (GCL), B.V.

Nedlloyd Lijnen, B.V.

*Synopsis:* The proposed amendment would modify the independent action provisions of the agreement to comply with the Commission's regulations.

*Agreement No.:* 217-010855-001.

*Title:* V.A.G. Transport/Hoegh-Ugland Auto Liners Space Charter Agreement.

*Parties:*

V.A.G. Transport GmbH

Hoegh-Ugland Auto Liners A/S

*Synopsis:* The proposed amendment would extend the term of the agreement until December 31, 1988. The parties have requested a shortened review period.

Dated: November 26, 1986.

By order of the Federal Maritime Commission.

**Joseph C. Polking,**

*Secretary.*

[FR Doc. 86-27020 Filed 12-1-86; 8:45 am]

BILLING CODE 6730-01-M

### Agreements Filed; Gulf-European Freight Assoc. et al.

The Federal Maritime Commission hereby gives notice of the filing of the



following agreements pursuant to section 5 of the Shipping Act of 1984.

Interested parties may inspect and obtain a copy of each agreement at the Washington, DC office of the Federal Maritime Commission, 1100 L Street, NW., Room 10325. Interested parties may submit comments on each agreement to the Secretary, Federal Maritime Commission, Washington, DC 20573, within 10 days after the date of the **Federal Register** in which this notice appears. The requirements for comments are found in § 572.603 of Title 46 of the Code of Federal Regulations. Interested persons should consult this section before communicating with the Commission regarding a pending agreement.

Agreement No.: 202-010270-019

Title: Gulf-European Freight Association Parties:

Compagnie Generale Maritime (CGM)  
Lykes Bros. Steamship Co., Inc.  
Gulf Container Line (GCL), B.V.  
Hapag-Lloyd AG  
Sea-Land Service, Inc.  
Trans Freight Lines  
Nedlloyd Lijnen, B.V.

Synopsis: The proposed amendment would modify the independent action provisions of the agreement to comply with the Commission's regulations.

Agreement No.: 213-011018-001

Title: Transnave-Navconsa Cross Space Charter/Sailing Agreement Parties:

Transportes Navieros Ecuatorianos  
Naviera Consolidada, S.A.

Synopsis: The proposed amendment would increase from 150 TEU's to 300 TEU's per vessel the reciprocal allocation of cargo space by each party to the other and would expand the scope of the agreement to include direct service to United States Gulf Coast ports and ports in Costa Rica and Mexico. The parties have requested a shortened review.

Agreement No.: 224-011035

Title: Philadelphia Terminal Agreement Parties:

Philadelphia Port Corporation (Port)  
Seagate Corporation (Seagate)

Synopsis: The proposed agreement would permit the Port to lease Piers 82 and 84 South to Seagate for the loading, discharge, transfer and storage of cargo until May 31, 1987. The parties have requested a shortened review period.

By Order of the Federal Maritime Commission.

Dated: November 26, 1986.

Joseph C. Polking,

Secretary.

[FR Doc. 86-27067 Filed 12-1-86; 8:45 am]

BILLING CODE 6730-01-M

## FEDERAL RESERVE SYSTEM

### Ambank Holding Co. of Colorado, et al.; Formations of; Acquisitions by; and Mergers of Bank Holding Companies

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than December 18, 1986.

**A. Federal Reserve of Kansas City** (Thomas M. Hoenig, Vice President) 925 Grand Avenue, Kansas City, Missouri 64198:

1. *AmBank Holding Company of Colorado*, St. Paul, Minnesota; to become a bank holding company by acquiring 100 percent of the voting shares of *AmBank Holding Company*, St. Paul, Minnesota, and thereby indirectly acquire *American National Bank-Arizona*, Scottsdale, Arizona; 98.85 percent of the voting shares of *Burns Bancorporation, Inc.*, St. Paul, Minnesota, and thereby indirectly acquire *Burns National Bank*, Durango, Colorado; and 100 percent of the voting shares of *FAB Bancorporation, Inc.*, St. Paul, Minnesota, and thereby indirectly acquire *First American Bank*, Colorado Springs, Colorado.

2. *FCB Bancshares, Inc.*, Overland Park, Kansas; to become a bank holding company by acquiring 100 percent of the voting shares of *First Continental Bank and Trust*, Overland Park, Kansas.

Board of Governors of the Federal Reserve System, November 25, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26965 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

### Conover Bancorporation; Correction

This notice corrects a previous **Federal Register** document (FR Doc. 86-25790), published at page 41434 of the issue for Friday November 14, 1986.

Under the Federal Reserve Bank of Chicago, the entry for Conover Bancorporation is corrected to read as follows:

**A. Federal Reserve Bank of Chicago** (Franklin D. Dreyer, Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. *Conover Bancorporation*, Creston, Iowa; to become a bank holding company by acquiring 100 percent of the voting shares of *The First National Bank in Creston*, Creston, Iowa. Comments on this application must be received by December 3, 1986.

Board of Governors of the Federal Reserve System, November 25, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26966 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

### GGG Co., Ltd.; Acquisition of Banks or Bank Holding Companies

The notificant listed below has applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. Once the notices have been accepted for processing, they will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than December 17, 1986.

**A. Federal Reserve Bank of San Francisco** (Harry W. Green, Vice President) 101 Market Street, San Francisco, California 94105:

1. *GGG Company, Ltd.*, Tokyo, Japan; to acquire 23.05 percent of the voting shares of *CB Bankshares, Inc.*, Honolulu,



Hawaii, and thereby indirectly acquire City Bank, Honolulu, Hawaii.

Board of Governors of the Federal Reserve System, November 25, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26967 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

### Norwest Corp.; Application To Engage de Novo in Permissible Nonbanking Activities

The company listed in this notice has filed an application under § 225.23(a)(1) of the Board's Regulation Y (12 CFR 225.23(a)(1)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to commence or to engage *de novo*, either directly or through a subsidiary, in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased of unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Unless otherwise noted, comments regarding the application must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than December 18, 1986.

A. Federal Reserve Bank of Minneapolis (James M. Lyon, Vice President) 250 Marquette Avenue, Minneapolis, Minnesota 55480:

1. *Norwest Corporation*, Minneapolis, Minnesota, and its two subsidiaries,

*Norwest Financial Services, Inc.*, and *Norwest Financial, Inc.*, both located in Des Moines, Iowa, propose to engage directly or indirectly in the consumer finance, sales finance, commercial finance (including but not limited to, accounts receivable financing, factoring and other secured lending activities), lease financing, the underwriting of credit life and credit accident and health insurance related to extensions of credit by *Norwest Corporation* or its subsidiaries, and the offering for sale and selling of bookkeeping, payroll and other management financial reporting services and data processing services pursuant to § 225.25(b)(1), (b)(5), (b)(7) and (b)(8)(i) of the Board's Regulation Y. A *de novo* subsidiary, *Norwest Financial Delaware, Inc.*, Des Moines, Iowa, will initially perform certain of the activities involved in this proposal. An existing subsidiary, *Centurion Life Insurance Company*, Des Moines, Iowa, will underwrite credit life and accident and health insurance. These activities will be conducted in the State of Delaware.

Board of Governors of the Federal Reserve System, November 25, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26968 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

[Docket No. R-0532]

### Fees for Federal Reserve Bank Check Collection Service

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Approval of pricing proposal.

**SUMMARY:** The Board has approved:

1. Making the tiered pricing structure, currently piloted at the head offices of the Federal Reserve Banks of Minneapolis and Kansas City, a permanent component of the fee structures at those Reserve Banks; and
2. Criteria for determining the conditions under which a tiered fee structure may be extended to other offices of Federal Reserve Banks.

**EFFECTIVE DATE:** November 25, 1986.

#### FOR FURTHER INFORMATION CONTACT:

Earl G. Hamilton, Assistant Director (202/452-3879) or Gayle Thompson, Senior Analyst (202/452-2934), Division of Federal Reserve Bank Operations; or Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf (202/452-3544); Board of Governors of the Federal Reserve System, Washington, DC 20551.

#### SUPPLEMENTARY INFORMATION:

##### Background

In November 1984, the Board requested comment on a proposal to permit Federal Reserve Banks to use a tiered fee schedule for checks to be presented within a single collection zone;<sup>1</sup> that is, different fees would be assessed depending upon whether a check is sent to a high- or low-cost endpoint<sup>2</sup> in a Regional Check Processing Center (RCPC) or country zone. The Board also proposed that a pilot program be conducted at the head offices of the Federal Reserve Banks of Minneapolis and Kansas City to test the feasibility of tiered pricing.

The Board proposed tiered pricing because, in some Federal Reserve Districts, the cost of clearing checks drawn on institutions in the same zone varied considerably, and the Reserve Banks at that time were charging only one average price. If prices reflected these cost variances more accurately, collecting institutions could choose the best and most cost effective method of clearing checks, resulting in a more efficient allocation of resources in the payments mechanism.

In response to the public comment received on the November 1984 proposal, the Board modified the pilot program, which the Minneapolis and Kansas City Reserve Banks implemented in April 1985. After analyzing the results of the pilot, the Board, in July 1986, issued for public comment a proposal to make tiered pricing a permanent part of the fee structure at the Minneapolis and Kansas City head offices and establish criteria for the expansion of tiered pricing to other Federal Reserve offices.

##### Analysis of Comments

Thirty-nine of the 67 comments received were in favor of the July 1986 proposal to make tiered pricing a permanent component of the fee structure for check collection services at the Minneapolis and Kansas City Reserve Banks. Of the 39 respondents who commented on the proposed criteria for expansion of the service, 21 were in favor of them.

<sup>1</sup> A collection zone is a geographic subdivision of a Federal Reserve territory. Each collection zone has a specified availability schedule under which the Reserve Bank will give credit for a check deposited for collection at the Reserve Bank's office serving that territory. Collection zones are referred to as either city, RCPC, or country.

<sup>2</sup> An endpoint refers to the location at which a Federal Reserve Bank presents checks and other items to the payor for payment. A payor may designate a place of presentment under 12 CFR 210.7(b).



Thirty-nine commenters supported the concept of tiered pricing. These commenters stated that because the tiered fee structure more accurately reflects Federal Reserve costs, it allows collecting institutions to make better decisions in choosing the most cost effective method of clearing checks. Some of the commenters who participated in the pilot reported cost reductions. In addition, some commenters stated that the Federal Reserve's use of tiered pricing parallels the pricing practice of other service providers in their areas.

The 23 commenters opposing the proposal expressed many of the same concerns as those raised in response to the November 1984 proposal; these included billing complexity and the inability of the depositor to reconcile its charges from the Federal Reserve and accurately pass back those charges to its depositors. When these comments were first made, the Board responded by modifying the original proposal, making tiered pricing an option for those institutions sending checks and other items to Reserve Banks for collection. The voluntary nature of the program allows any institution with concerns about the complexity of the fee structure or reconciliation problems to opt for the average price rather than the new tiered structure.

Several small institutions responding to the November 1984 proposal commented that the proposal discriminated against small institutions by increasing their costs because the majority of their collection volume would be drawn on other low-volume, high-cost institutions. In fact, many small institutions are part of the low-cost tier because their checks are presented to private sector processors designated as high-volume, low-cost endpoints. Four commenters reiterated this concern in response to the July 1986 proposal; however, all four of these commenters were large correspondent banks.

#### *Comments on Pilot Results*

Ten commenters stated that the pilot did not support a need for tiered pricing because a minority of depositors elected to participate in the pilot and a minority of eligible volume was deposited under the tiered pricing option. Pilot results indicate that 34 percent and 24 percent of the eligible depositors in the Minneapolis and Kansas City Districts, respectively, participated in the pilot. In both cases, about 40 percent of the eligible volume is being deposited under the tiered pricing option. While these figures represent less than half of the eligible participants and volume and

thus constitute a "minority," the Board believes that the levels of participation are adequate to justify continuance of the tiered pricing option in the pilot offices.

#### *Proposed Criteria*

Thirty-nine respondents commented on the criteria proposed for expansion of tiered pricing to other Federal Reserve offices, 21 of them supporting the criteria as proposed. The remaining 18 commenters suggested modifications to the criteria.

Nine commenters said that public comment should be required each time tiered pricing is proposed. An equal number of commenters opposed the criterion requiring Board review as too stringent, because it would result in unnecessary delays in implementing tiered pricing. The Board's Pricing Principle No. 7 states that public comment will be requested when changes in fees and service arrangements are proposed that would have significant longer-run effects on the nation's payments mechanism. Generally, a Reserve Bank's adoption of tiered pricing should not have a significant longer-run impact on the nation's payments mechanism, and soliciting public comment on every proposal is not necessary. The issues relating to the adoption of tiered pricing in individual Federal Reserve offices are likely to be similar to those of the pilot offices. Experience of the pilot indicates that tiered pricing has not had a significant impact.

The Board does not believe that it is appropriate to request comment in those cases where there is no likelihood of significant longer-run effects on the payments mechanism. To request comment in every case would impede the implementation of many routine price and service level changes. Nevertheless, the Board does believe that depository institutions should be consulted prior to implementing tiered pricing in other Federal Reserve office territories.

Four commenters stated that tiered pricing should only be implemented after a phase-in period. Various timeframes were suggested. Currently, Reserve Banks are generally required to announce new services and prices implemented between the annual repricing exercises 30 days prior to implementation. The annual fee announcements for all prices generally are distributed 60 days in advance. The Board believes that a 60-day announcement period should be sufficient to allow institutions to adjust to tiered pricing.

Several commenters expressed concern that the terms "clear" and "substantial" as used in the criteria were not well defined. Given the variety of conditions that exists among the Federal Reserve collection zones, including the number of institutions, the geographical size of the zone, and other factors, the Board believes that these terms are sufficient guides to its analysis of future proposals to expand the tiered pricing structure to other Federal Reserve offices.

Several suggestions were made by various commenters regarding clarification of the fee structure for tiered pricing. Suggestions included indicating how many tiers should be allowed, what type of deposits should be eligible for tiered pricing, how high- or low-cost endpoints should be selected, how often endpoints should be reviewed and revised, and how fee differentials should be calculated.

The Board has determined that tiers will generally be limited to two in each collection zone, unless clear cost differences can be demonstrated that would justify further tiers. Tiered pricing may be applied to all types of deposits within an RCPC or country zone. High- or low-cost endpoints will be selected and fee differentials calculated based on clear cost differences as stated in the proposed criteria. Reserve Banks offering tiered prices must review designation of endpoints as high- or low-cost at least annually, but a particular endpoint may not be redesignated more often than quarterly.

#### **Board Action**

After analyzing the comments and the results of the pilot program, the Board has approved making tiered pricing a permanent component of the fee structure at the head offices of the Federal Reserve Banks of Minneapolis and Kansas City.

The Board has also determined that other Federal Reserve Banks may introduce tiered pricing into the fee structures of one or more of their office territories if they meet the following criteria:

1. Adoption of tiered pricing by any additional Federal Reserve Bank will require approval by the Board.
2. Tiered pricing will be offered as an option to the sender; an alternative fixed per item fee also will be offered for each deposit category.
3. Tiered prices may be used only where clear cost differences exist between groups of items within the collection zone.
4. Tiered prices may be used only where the introduction of tiered prices



has the potential to provide net savings for a substantial amount of deposited volume or a substantial number of depositing institutions.

Before seeking Board approval of tiered pricing for a collection zone within its District, a Federal Reserve Bank, together with Board staff, will consult with banking and thrift industry representatives to ascertain their views on the effects of the particular tiered pricing proposal. At this time, there are no plans to approve more than two tiers to the price structure in each collection zone, although the Board may approve additional tiers if the proposal is consistent with the criteria listed above. The Board may request public comment on proposals to expand beyond two tiers if conditions warrant. In no case will a Reserve Bank implement tiered pricing unless it has given all affected parties at least 60 days advance notice of the availability of the tiered pricing option.

By order of the Board of Governors of the Federal Reserve System, November 25, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-26964 Filed 12-1-86; 8:45 am]

BILLING CODE 6210-01-M

[Docket No. R-0586]

### Federal Reserve Bank Services; Request for Comments

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Request for comment.

**SUMMARY:** The Board is requesting comment on proposed factors to be considered in evaluating proposals to consolidate Federal Reserve Bank priced service activities across District lines. The Board also has approved the consolidation of the noncash collection activities of the Federal Reserve Bank of San Francisco at the Federal Reserve Bank of Minneapolis.

**DATE:** Comments must be received by January 28, 1987.

**ADDRESS:** Comments, which should refer to Docket No. R-0586, may be mailed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551, or delivered to Room B-2223 between 8:45 a.m. and 5:15 p.m. Comments received may be inspected at Room B-1122 between 8:45 a.m. and 5:15 p.m., except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information, 12 CFR 261.6(a).

**FOR FURTHER INFORMATION CONTACT:** Elliott C. McEntee, Associate Director

(202/452-2231) or Donna DeCorleto, Senior Analyst (202/452-3956), Division of Federal Reserve Bank Operations; Daniel L. Rhoads, Senior Attorney (202/452-3711), Legal Division; or Earnestine Hill or Dorothea Thompson, Telecommunication Device for the Deaf (202/452-3544), Board of Governors of the Federal Reserve System, Washington, DC 20551.

**SUPPLEMENTARY INFORMATION:** In October 1985, the Board requested public comment on the issue of consolidating Federal Reserve Bank priced service activities across District lines (50 FR 45938, Nov. 5, 1985). Public comment was also requested on a proposal to make permanent a pilot program involving the consolidation of the noncash (e.g. municipal bond and coupon) collection activity of the Federal Reserve Bank of San Francisco at the Federal Reserve Bank of Minneapolis. *General Issue of Consolidation.* The Board received 19 comments discussing the concept of interdistrict consolidation of Federal Reserve priced service activities. Ten commenters were not opposed to interdistrict consolidation. However, nine of these commenters expressed concern about the impact of interdistrict consolidations and suggested that conditions or restrictions on interdistrict consolidations be developed. Nine commenters opposed the concept of interdistrict consolidation.

Commenters not opposed to consolidations expressed the opinion that interdistrict consolidation can increase operating efficiencies and reduce costs while maintaining service levels. Twelve commenters expressed concern about the effects consolidation would have on the level or quality of service provided by the Federal Reserve to depository institutions. Commenters also expressed concern about the impact that interdistrict consolidation may have on potential providers of competing services. Some commenters believed that consolidation would be anticompetitive by permitting the Reserve Banks to locate operations in low-cost areas, thus achieving economies not available to the private sector. Six commenters stated that interdistrict consolidation was not in accord with the pricing provisions of the Monetary Control Act of 1980 ("MCA") (12 U.S.C. 248a). In their view, the MCA requires each Reserve Bank to match costs and revenues for each service and interdistrict consolidation will result in cross-district subsidization of services. Several commenters suggested conditions under which interdistrict consolidations would be acceptable, and

seven commenters suggested that all future interdistrict consolidation proposals be published for public comment.

One of the results of pricing of Federal Reserve service has been an increased focus on efficiency. The Board believes that in situations efficiency may be gained by consolidating some services currently offered by Reserve Banks at fewer locations. Circumstances that may warrant consideration of consolidating one or more services include revenue shortfalls, potential cost reductions, changes in payment volume and clearing patterns, improved communication and automation technology, or the need for contingency programs to ameliorate disaster recovery.

The Board shares the concerns expressed by commenters that interdistrict consolidation may affect competition among service providers as well as the level or quality of service offered. To assure that these concerns are considered in any future proposal for interdistrict consolidation of Federal Reserve priced services, the following list of factors to be considered in reviewing interdistrict consolidation proposals has been developed. These factors include:

- Maintenance or improvement of cost recovery in a service.
- Improvement of the efficiency of Federal Reserve Bank operations.
- Maintenance or improvement of the level or quality of service.
- Responsiveness to changes in the financial services industry.
- Impact on private sector providers of the service that is being consolidated.
- Amount of advance notice that would be needed prior to effecting an interdistrict consolidation.

Comment is requested on these factors, as well as any additional factors commenters believe should be considered by the Federal Reserve in deciding whether to consolidate services across district lines. It is not anticipated that any single factor would be determinative of a proposed interdistrict consolidation. Rather, the list of proposed factors indicates those issues to be weighed in consideration of whether a specific consolidation proposal should proceed.

With regard to the suggestion that each proposed consolidation, including pilot programs, be published for public comment, the Board does not believe such an approach is necessary. The Board's Pricing Principle Number 7 states that public comment will be requested when changes in fees and service arrangements are proposed that would have significant longer-run effects



on the nation's payments mechanism. Most consolidation efforts likely would not have such an effect, however, and soliciting public comment on every proposal would not be necessary. In the event that a consolidation proposal would appear to have significant, longer-run effects on the nation's payments mechanism, the Board would solicit public comment.

Finally, contrary to the suggestion of some commenters, the MCA does not require recovery of costs on a district-by-district basis. The MCA requires the Federal Reserve, over the long run, to establish fees on the basis of all direct and indirect costs incurred in providing priced services, including costs that would have been incurred if the services were provided by a private sector firm. The Board's Pricing Principle Number 5 states that the fees be set so that revenues for major service categories match costs Systemwide, in most circumstances. In addition, as a matter of practice, the Board expects each Reserve Bank to recover its costs and contribute to the private sector adjustment factor for locally priced services.

*San Francisco-Minneapolis Consolidation of Noncash Collection.* The Board also requested public comment in October 1985 on a proposal to make permanent the pilot consolidation of the noncash collection service of the San Francisco Reserve Bank at the Minneapolis Reserve Bank. The noncash collection service involves primarily the collection of maturing definitive securities such as municipal bonds and coupons. Of the 15 commenters addressing this issue, eight commenters did not oppose it and seven commenters did oppose it. The eight commenters who did not oppose the proposal focused on the fact that consolidation would enable the Reserve Banks to control or reduce costs and maintain service levels in the noncash collection function. They cited the negative impact that the Tax Equity and Fiscal Responsibility Act (TEFRA) has had on noncash volume, making cost recovery in this service increasingly difficult. One commenter mentioned its positive experience as a participant in the pilot program.

The seven commenters opposed to the San Francisco-Minneapolis consolidation cited the same concerns that they had expressed regarding consolidation in general. A few commenters considered this consolidation proposal inappropriate because, at the time public comment was solicited, the Federal Reserve was projecting for 1986 an increase in

volume of 1.7 percent. Finally, some commenters contended that inadequate information on accounting and billing procedures was provided about the pilot program.

The Board believes the benefits demonstrated by the pilot consolidation of the San Francisco Reserve Bank noncash collection activity at the Minneapolis Reserve Bank warrant making the pilot program permanent. The consolidation resulted in a \$1.00 decrease in the per-coupon-envelope fee for depositors presenting Twelfth District payable items to Minneapolis rather than San Francisco. It also enabled those depositors to obtain payment quicker and improved the cost recovery rate for the Minneapolis Reserve Bank and the Federal Reserve System. The consolidation of San Francisco noncash collection at Minneapolis is also viewed as important to the ability of the Federal Reserve to continue offering a nationwide noncash collection service.

With regard to comments that the noncash collection consolidation was inappropriate in view of a projected increase in Federal Reserve volume of 1.7 percent for 1986, preliminary data indicates that noncash collection volume may decline for 1986. Further, volume will decline in the future due to TEFRA.

The Board believes the concerns expressed by commenters regarding accounting and billing practices by service users have been addressed in procedures developed for the pilot program. Depository institutions, except for those located in Federal Reserve Districts where a mixed deposit service is available, that wish to present Twelfth District municipal coupons through the Federal Reserve noncash collection network should forward these items to the Minneapolis Reserve Bank. Depository institutions in a mixed deposit program would continue to send their coupons to their local Federal Reserve Bank. A depository institution's account at its local Reserve Bank will be credited with coupon redemption proceeds on a predetermined availability schedule. Bond redemption proceeds would be credited when payment is received by the Minneapolis Reserve Bank. Additional details concerning fees, crediting and billing procedures may be obtained from local Reserve Banks or the Federal Reserve Bank of Minneapolis. The Board believes these procedures should not cause problems for users of the noncash collection service.

By order of the Board of Governors of the Federal Reserve System, November 26, 1986.  
William W. Wiles,  
Secretary of the Board.  
[FR Doc. 86-27094 Filed 12-1-86; 8:45 am]  
BILLING CODE 6210-01-M

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Disease Control

#### Sensor Development; Open Meeting

The following meeting will be convened by the National Institute for Occupational Safety and Health (NIOSH) of the Centers for Disease Control (CDC) and will be open to the public for observation and participation, limited only by the space available:

Date: December 19, 1986.

Time: 9 a.m.-4:30 p.m.

Place: Conference Room A, 5555 Ridge Avenue, Cincinnati, Ohio 45213.

Purpose: To review a project entitled "Sensor Development." This project will exploit surface acoustic wave as well as chemical monitoring of the uptake of gases or vapors by thin films in the characterization of mass transfer and in the development of new chemical sensors. Viewpoints and suggestions from industry, organized labor, academia, other government agencies, and the public are invited.

Additional information may be obtained from: David L. Bartley, Ph.D., Division of Physical Sciences and Engineering, NIOSH, CDC, 4676 Columbia Parkway, Cincinnati, Ohio 45226, Telephones: FTS: 684-4277; Commercial: 513/841-4277.

Dated: November 25, 1986.

Elvin Hilyer,

Associate Director for Policy Coordination,  
Centers for Disease Control.

[FR Doc. 86-26995 Filed 12-1-86; 8:45 am]

BILLING CODE 4160-19-M

### Food and Drug Administration

[Docket No. 78P-0173 et al.]

#### Approved Variances for Laser Light Shows; Availability

AGENCY: Food and Drug Administration.  
ACTION: Notice.

**SUMMARY:** The Food and Drug Administration (FDA) is announcing that variances from the performance standard for laser products have been approved by FDA's Center for Devices and Radiological Health (CDRH) for 10 organizations that manufacture and produce laser light shows, light show projectors, or both. The projectors provide a laser light display to produce a variety of special lighting effects. The



principal use of these products is to provide entertainment to general audiences.

**DATES:** The effective dates and termination dates of the variances are listed in the table below under "Supplementary Information."

**ADDRESS:** The applications and all correspondence on the applications have been placed on display in the Dockets Management Branch (HFA-305), Food and Drug Administration, Rm. 4-62, 5600 Fishers Lane, Rockville, Md 20857.

**FOR FURTHER INFORMATION CONTACT:** Bernice Noland, Center for Devices and Radiological Health (HFZ-84), Food and Drug Administration, 5600 Fishers Lane, Rockville, Md. 20857, 301-443-3403.

**SUPPLEMENTARY INFORMATION:** Under 21 CFR 1010.4 of the regulations governing establishment of performance standards under section 358 of the Radiation Control for Health and Safety Act of 1968 (42 U.S.C. 263f), FDA has granted each of the 10 organizations listed in the table below a variance from the requirements of 21 CFR 1040.11(c) of the performance standard for laser products.

Each variance permits the listed manufacturer to introduce into commerce a demonstration laser product assembled and produced by the manufacturer, which is its particular variety of laser light show, laser light show projector, or both. Each laser product involves levels of accessible laser radiation in excess of class II levels but not exceeding those required

to perform the intended function of the product.

CDRH has determined that suitable means of radiation safety and protection are provided by constraints on the physical and optical design and by warnings in the user manual and by products. Therefore, on the effective dates specified in the table below, FDA approved the requested variances by a letter to each manufacturer from the Deputy Director of CDRH.

So that each product may show evidence of the variance approved for the manufacturer of the product, each product shall bear on the certification label required by 21 CFR 1010.2(a) a variance number, which is the FDA docket number, and the effective date of the variance as specified in the table below.

| Docket No.         | Organization granted the variance  | Demonstration laser product  | Effective date/termination date      |
|--------------------|--|--|--------------------------------------|
| 78P-0173 (renewal) | Laser Images, Incorporated, 6911 Hayvenhurst Avenue, Van Nuys, California 91406.   | LASERUM (Krypton) and Concert System (CS) Series of Class III and IV laser projectors manufactured by Laser Images, Incorporated and for laser light shows assembled and produced by Laser Images, Incorporated incorporating these projectors.            | August 21, 1986;<br>August 22, 1988. |
| 79P-0462 (renewal) | Laser Systems Development Corporation, 2227 East Platte Place, Colorado Springs, Colorado 80909.   | Laser System Development Corporation Class III or Class IV laser projection system Model R-2, C-3 Model Series, and laser light shows assembled and produced by Laser Systems Development Corporation incorporating these projection systems.              | Sept. 11, 1986;<br>Aug. 20, 1988.    |
| 82P-0137 (renewal) | Patrick Murphy and David Lytle, 1905 N. Ode Street, Arlington, Virginia 22209.   | Laser light shows assembled and produced by Patrick Murphy that incorporate his Class IIIb heliumneon or Class IIIb or IV argon laser projection systems.  | Aug. 28, 1986;<br>Nov. 8, 1988.      |
| 86V-0093           | Walt Disney Productions, d.b.a. Walt Disney Imagineering (Disney World), Sunbank, Suite 405, Post Office Box 405, Lake Buena Vista, Florida 32830. | Walt Disney Productions, dba Walt Disney Imagineering, laser light show incorporating the Precision Projection Model TL-32 laser projector system with Class IV argon and krypton lasers.  | Sept. 10, 1986;<br>Sept. 10, 1988.   |
| 86V-0127           | Walt Disney Productions, d.b.a. Walt Disney Imagineering (Disneyland), 1401 Flower Street, Glendale, California 91201.                             | Walt Disney Productions, d.b.a. Walt Disney Imagineering, laser light show incorporating the Precision Projection Model TL-32 laser projector system with Class IV argon and krypton lasers.   | Sept. 10, 1986;<br>Sept. 10, 1988.   |
| 86V-0260           | Creative Development, Oral Roberts University Healing Center, 7777 South Louis Drive, Tulsa, Oklahoma 74171.                                       | Oral Roberts Production laser light show presented in a fixed, indoor location employing Class IV DiscoRay Model laser projection system manufactured by Laser Media, Incorporated.  | July 23, 1986;<br>July 23, 1988.     |
| 86V-0271           | Laser Design, 3108 E. Third Street, Long Beach, California 90814.  | Laser Design laser light show incorporating the Laser Media LMS Series laser projector with Class IV argon, krypton, or heliumneon laser systems.  | July 3, 1986; July 3, 1988.          |
| 86V-0283           | Entertainment Technology Industries, 1863 W. Broadway, Anaheim, California 92804.  | Entertainment Technology Industries (E.T.I.) laser light show incorporating the Laserdream Productions Model #0002 and the E.T.I. Model Arena Master One Class IV laser projectors with Class IV argon and/or Class IIIb helium-neon laser system.         | Sept. 19, 1986;<br>Sept. 19, 1988.   |
| 86V-0285           | Kansas City Spirit, Incorporated, Westin Crown Center Hotel, 1 Pershing Road, Kansas City, Missouri 64108.   | Kansas City Spirit Incorporated laser light show "Kansas City Spirit Festival Laser Display" incorporating the Laser System Development Corporation Model C-3 projector.   | July 3, 1986; July 5, 1986.          |
| 86V-0299           | Busch Entertainment Corporation, d.b.a. Busch Gardens, 3605 Bougainvillea Avenue, Tampa, Florida 33612.  | Laser light shows produced and assembled by Busch Entertainment Corporation dba Busch Gardens (Tampa, Florida) incorporating a Science Fiction Corporation Laser-Chaser II laser projection system with Inertial Scanner and a Coherent Innova 90-5 laser. | Aug. 12, 1986;<br>Aug. 12, 1988.     |

In accordance with § 1010.4, the applications and all correspondence on the applications have been placed on public display under the designated docket number in the Dockets Management Branch (address above) and may be seen in that office between 9 a.m. and 4 p.m., Monday through Friday.

This notice is issued under the Public Health Service Act as amended by the Radiation Control for Health and Safety Act of 1968 (sec. 358, 82 Stat. 1177-1179 (42 U.S.C. 263f)) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.10) and redelegated to the Director, Center for Devices and Radiological Health (21 CFR 5.86).

Dated: November 21, 1986.

John C. Villforth,  
Director, Center for Devices and Radiological Health.

[FR Doc. 86-26990 Filed 12-1-86; 8:45 am]

BILLING CODE 4160-01-M

[Docket No. 83P-0018]

**Approved Variance for Model 736 Data/Voice Transmission System; Availability**

**AGENCY:** Food and Drug Administration.

**ACTION:** Notice.

**SUMMARY:** The Food and Drug Administration (FDA) is announcing that a variance from the performance standard for laser products has been approved by FDA's Center for Devices

and Radiological Health (CDRH) for the Model 736 Data/Voice Transmission System manufactured by American Laser Systems, Inc., Goleta, CA.

**DATES:** The variance became effective August 8, 1986, and terminates August 8, 1991.

**ADDRESS:** The application and all correspondence on the application have been placed on display in the Dockets Management Branch (HFA-305), Food and Drug Administration, Rm. 4-62, 5600 Fishers Lane, Rockville, MD 20857.

**FOR FURTHER INFORMATION CONTACT:** Tracy Donovan, Center for Devices and Radiological Health (HFZ-84), Food and Drug Administration, 5600 Fishers Lane, Rockville, MD 20857, 301-443-4874.



**SUPPLEMENTARY INFORMATION:** Under § 1010.4 (21 CFR 1010.4) of the regulations governing establishment of performance standards under section 358 of the Radiation Control for Health and Safety Act of 1968 (42 U.S.C. 263f), CDRH has granted American Laser Systems, Inc., 106 James Fowler Rd., Santa Barbara Airport, Goleta, CA 93017, a variance from § 1040.10(f)(3) (21 CFR 1040.10(f)(3)) of the performance standard for laser products for the Model 736 Data-Voice Transmission System. The system, which is usually mounted on a rooftop, is an atmospheric communication system.

The specific requirement of the standard from which a variance has been granted pertains to the provision of § 1040.10(f)(3), which requires each Class IIIb or IV laser product to incorporate a readily available remote interlock connector. All other provisions of the performance standard remain applicable to the product.

CDRH has determined that (1) the requirement of § 1040.10(f)(3) is not appropriate for the communication system, and that (2) suitable means of radiation safety and protection will be provided by the existing equipment design. Therefore, on August 8, 1986, CDRH approved the requested variance by a letter to the manufacturer from the Deputy Director of CDRH.

So that the product may show evidence of the variance approved for the manufacturer, the product shall bear on the certification label required by § 1010.2(a) (21 CFR 1010.2(a)) a variance number, which is the FDA docket number appearing in the heading of this notice, and the effective date of the variance.

In accordance with § 1010.4, the application and all correspondence on the application have been placed on public display under the designated docket number in the Dockets Management Branch (address above) and may be seen in that office between 9 a.m. and 4 p.m., Monday through Friday.

This notice is issued under the Public Health Service Act as amended by the Radiation Control for Health and Safety Act of 1966 (sec. 358, 82 Stat. 1177-1179 (42 U.S.C. 263f)) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.10) and redelegated to the Director, Center for Devices and Radiological Health (21 CFR 5.86).

Dated: November 21, 1986.

John C. Villforth,  
Director, Center for Devices and Radiological Health.

[FR Doc. 86-26989 Filed 12-1-86; 8:45 am]

BILLING CODE 4160-01-M

## Health Resources and Services Administration

### Annual Reports of Federal Advisory Committees

Notice is hereby given that pursuant to section 13 of Pub. L. 92-463, the Annual Report for the following Health Resources and Services Administration Federal Advisory Committees have been filed with the Library of Congress: National Advisory Council on Health Professions Education; Maternal and Child Health Research Grants Review Committee.

Copies are available to the public for inspection at the Library of Congress, Newspaper and Current Periodical Reading Room, Room 1026, Thomas Jefferson Building, Second Street and Independence Avenue, SE., Washington, DC, or weekdays between 9:00 a.m. and 4:30 p.m. at the Department of Health and Human Services, Department Library, North Building, Room 1406, 330 Independence Avenue, SW., Washington, DC 20201, Telephone (202) 245-6791.

Copies may be obtained from the following committee contacts: National Advisory Council on Health Professions Education—Mr. Robert L. Belsley, Executive Secretary, National Advisory Council on Health Professions Education, Health Resources and Services Administration, Room 8C-22, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857, Telephone (301) 443-6880.

Maternal and Child Health Research Grants Review Committee—Dr. Gontran Lamberty, Executive Secretary, Maternal and Child Health Research Grants, Review Committee, Room 6-13, Parklawn Building, 5700 Fishers Lane, Rockville, Maryland 20857, Telephone (301) 443-2190.

Dated: November 25, 1986.

Jackie E. Baum,  
Advisory Committee Management Officer,  
HRSA.

[FR Doc. 86-27043 Filed 12-1-86; 8:45 am]

BILLING CODE 4160-15-M

## DEPARTMENT OF THE INTERIOR

### Bureau of Reclamation

#### North Side Pumping Division Extension, Minidoka Project, Idaho-Wyoming

**AGENCY:** Bureau of Reclamation, Interior.

**ACTION:** Notice of availability of planning report/draft environmental statement.

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, as amended, the Department of the Interior has prepared a planning report/draft environmental statement on a proposed project to provide irrigation and wildlife enhancement on the remaining Federal drylands in and adjacent to the Bureau of Reclamation's existing North Side Pumping Division in Minidoka and Jerome Counties in south-central Idaho. Small tracts of Federal drylands would be sold to landowners in the North Side Pumping Division for addition to their existing farms. The landowners would manage part of the new tracts for wildlife.

Additional dryland tracts would be managed for wildlife. The Idaho Department of Fish and Game has stated its intention to manage these lands. Other small tracts of Federal land would be transferred to public bodies and others to meet local needs at no cost to the Federal Government.

Written comments may be submitted to the Regional Director by February 25, 1987. Copies of the document are available for inspection at the following locations and at libraries in the project vicinity:

Director, Office of Environmental Affairs, Bureau of Reclamation, Room 7423, C Street between 18th and 19th Streets NW., Washington, DC 20240, Telephone: (202) 343-4991

Document Systems Management Branch, Library Section, Code D-823, Engineering and Research Center Library, Room 450, Denver, Colorado 80225, Telephone: (303) 236-6963, Hours: 7:30 a.m.-4:00 p.m.

Office of Environment, Pacific Northwest Regional Office, Bureau of Reclamation, Room 492, Federal Court House Building, Box 043-550, West Fort Street, Boise, Idaho 83724, Telephone: (208) 334-1207

Project Superintendent, Minidoka Project Office, Bureau of Reclamation, 1359 Hansen Avenue, Burley, Idaho 83318, Telephone: (208) 678-0461.

Copies of the statement may be obtained on request to the Director, Office of Environmental Affairs, Washington, DC, or the Regional Director in Boise, Idaho.

Dated: November 25, 1986.

William C. Klostermeyer,  
Commissioner.

[FR Doc. 86-26994 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-09-M



**Bureau of Land Management**

[CA-060-07-4212-11; CA 14154]

**California; Realty Action; Classification of Public Lands for Recreation and Public Purposes; San Diego, CA****AGENCY:** Bureau of Land Management, Interior.**ACTION:** Notice of Realty Action, Lease of Public Lands for Recreation and Public Purposes.

**SUMMARY:** The following described public land has been examined and found suitable for recreation and public purposes. The land is hereby classified as suitable for recreation and public purposes under the Recreation and Public Purposes Act (R&PP) of June 14, 1926, as amended (44 Stat. 741; 43 U.S.C. 869 et seq.) and the regulations thereunder (43 CFR 2912):

**San Bernardino Meridian, California**

T. 11 S., R. 1 E.,

Sec. 4: Lots 2-5 and 9, S $\frac{1}{2}$ NW $\frac{1}{4}$ ;Sec. 5: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;Sec. 6: Lots 1-7, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ ;Sec. 7: NE $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ;Sec. 8: Lots 1-4, W $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ ;

Sec. 9: Lots 1;

Sec. 17: Lots 1-3, NW $\frac{1}{4}$ NW $\frac{1}{4}$ ;Sec. 18: Lot 4, NE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ .

T. 11 S., R. 1 W.,

Sec. 1: Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ .

T. 13 S., R. 2 E.,

Sec. 8: N $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ .Containing 3,201.44 acres  $\pm$ .

The County of San Diego has filed an application to lease the above described land under the Act of June 14, 1926, as amended. The proposed recreational use includes primitive hiking, picnicking and camping under local department of parks and recreation management. The proposed recreation lease is referred to as the Upper Hell Hole Recreation Area.

The effective date of this classification is sixty (60) days from the date of publication of this notice in the *Federal Register*. The classification is consistent with the regulations set forth in 43 CFR 2410 and 2430. The land is located next to the Rincon and LaJolla Indian Reservations and abuts the county's existing Lower Hell Hole Recreation Area.

The site is physically suitable for public recreational use.

The lease, when issued, will be subject to the provisions of the R&PP Act, applicable regulations of the Secretary of the Interior and will contain the following reservation to the United States:

1. A right-of-way granted to the Escondido Mutual Water Company for a

canal pursuant to the Act of March 3, 1891 (43 U.S.C. 946-949); Grant No. R-01614.

2. All mineral deposits in the land so leased, and to it, or persons authorized by it, the right to prospect for, mine and remove such deposits from the same under applicable law and such regulations as the Secretary of the Interior may describe.

**Third Party Reservations**

1. The following public lands are currently encumbered by mining claims:

a. Claim No. 1280 LD; located by Edwin B. Clagett and Richard D. Nauman on February 25, 1977 in T. 11S., R. 1W; SBM; section 1: NE $\frac{1}{4}$ , San Diego County, California.

b. Claim No. 130864 LD; located by Glen Frost on August 22, 1983 in T. 13S., R. 2E., SBM; section 8: W $\frac{1}{2}$ , San Diego County, California.

BLM policy requires that public lands encumbered by mining claims upon which a validity determination has not been made may not be leased under the provisions of the R&PP Act. The BLM will not spend any of its funds to undertake a validity determination for the sole purpose of conveying property under the provisions of the R&PP Act. If the County of San Diego wishes to expend funds to undertake validity contests of the above mining claims, they may make a request for such action of the Authorized Officer (BLM) and such contest may proceed if the BLM deems it appropriate after considering all the issues. The County of San Diego will be responsible for the full expense of any contest proceedings.

Until such time as the County of San Diego requests validity determinations and contests, the public land encumbered by the above described mining claims will be omitted from any future R&PP lease offering to the County of San Diego.

The land is not required for any federal purpose. The lease is consistent with the objectives of the Indian Resource Area-Southern California Metropolitan Project's Escondido Border Management Framework Plan/Management Action Summary.

Publication of this notice in the *Federal Register* shall segregate the subject public land from appropriation under any other public land law, including locations under the mining laws. If after 18 months following the publication of this notice in the *Federal Register*, a lease has not been issued for the purpose for which the lands have been classified, the segregative effect of the classification shall automatically expire and the public lands classified in this notice shall return to their former

status without further action by the authorized officer.

Detailed information concerning this action is available for review at the California Desert District Office, Bureau of Land Management. For a period of 45 days from the date of publication of this notice in the *Federal Register*, interested parties may submit comments to the District Manager, California Desert District, 1695 Spruce Street, Riverside, California 92507. Objections will be reviewed by the State Director, Bureau of Land Management, who may sustain, vacate or modify this realty action. In the absence of any objection, this realty action will become the final determination of the Department of the Interior.

Dated: November 24, 1986.

H.W. Riecken,

Acting District Manager.

[FR Doc. 86-27170 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-40-M

[CA-930-07-4332-08]

**Intent to Amend Land Use Plans and Prepare a Wilderness Environmental Impact Statement for Eight Section 202 Wilderness Study Areas in the Bakersfield, Susanville, and Ukiah Districts, CA, and the Carson City District, NV****AGENCY:** U.S. Department of the Interior, Bureau of Land Management.**ACTION:** Notice of intent.

**SUMMARY:** Pursuant to 43 CFR 1610.2(c) and 40 CFR 1501.7, notice is hereby given that the Bureau of Land Management will prepare plan amendments for the Coast/Valley RMP and South Sierra Foothills MFP in the Bakersfield District, California; Tulead/Home Camp MFP and Alturas RMP in the Susanville District, California; the East Mendocino MFP and the Redding Land Use Plan in the Ukiah District, California; and the Walker RMP in the Carson City District, Nevada. These amendments will identify issues and alternatives for an Environmental Impact Statement (EIS) on wilderness recommendations for eight section 202 Wilderness Study Areas (WSAs): The Garcia Mountain WSA, Rockhouse WSA, Domeland WSA, and Machesna WSA in the Bakersfield District; the South Warner Contiguous WSA in the Susanville District; the Big Butte WSA and Yolla-Bolly WSA in the Ukiah District; and the Carson-Iceberg WSA in the Carson City District. These section 202 WSAs are roadless areas of BLM public lands that are less than 5,000



acres and are contiguous with lands managed by the U.S. Forest Service that have been designated or recommended as wilderness.

**DATES:** The plan amendments and wilderness EIS are scheduled for completion by February 1988. The draft EIS will be available for public review by July 1987. In addition to this notice, a scoping letter will be mailed by December 1, 1986, soliciting public concerns regarding the issues and alternatives as well as the resource values to be addressed for each of the section 202 WSAs. Comments should be received no later than January 2, 1987.

**FOR FURTHER INFORMATION CONTACT:** Jonathon S. Foster, Environmental Coordinator, USDI, Bureau of Land Management, California State Office, 2800 Cottage Way, Room E-2841, Sacramento, CA 95825, (916) 978-4730.

**SUPPLEMENTARY INFORMATION:** These eight section 202 WSAs range in size from 80 acres to 4,500 acres and total approximately 10,994 acres. The portions of Big Butte WSA and Machesna WSA to be studied are the residual areas of the WSAs that were not included in the California Wilderness Act of 1984. As section 202 WSAs, all of these areas depend upon the wilderness characteristics of the adjacent U.S. Forest Service lands to be considered for wilderness designation by the BLM. These eight section 202 WSAs will be studied for wilderness suitability through this planning amendment process. An interdisciplinary team coordinated through the California State Office will prepare the amendments and environmental impact statement. Represented on the team will be specialists in wilderness, recreation, cultural resources, visual resources, wildlife and fisheries, soils, forestry, and geology.

Alternatives to be analyzed for each section 202 WSA include (1) All Wilderness, and (2) No Wilderness (No Action) which is continued implementation of the existing planning documents. Additionally, partial wilderness alternatives will be assessed where appropriate for specific WSAs. The details of these alternatives will be developed further during the scoping process.

Opportunities for public participation will be announced through the media, mailing lists, and personal contacts. At this time, no scoping meetings are planned. Public hearings will be scheduled in the Bakersfield, Susanville, Ukiah, and Carson City Districts. The time, date, and location of hearings or

meetings will be announced through the media, mail and the **Federal Register**.

Sincerely,

**Ron Hofman,**

*Acting State Director.*

[FR Doc. 86-27116 Filed 12-1-86; 8:45 am]

**BILLING CODE 4310-40-M**

### Minerals Management Service

#### Information Collection Submitted for Review

The justification for the collection of information listed below has been submitted to the Office of Management and Budget for approval under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35). Copies of the information collection requirement and related explanatory material may be obtained by contacting Jeané Kalas at 303-231-3046. Comments and suggestions on the requirement should be made directly to the Bureau Clearance Officer at the telephone number listed below and to the Office of Management and Budget Interior Department Desk Officer, Washington, DC 20503, telephone 202-395-7313.

Title: 30 CFR Part 220. Net Profit Share Payments for Outer Continental Shelf Oil and Gas Leases.

**Abstract:** Companies involved in the exploration and development of Outer Continental Shelf oil and gas leases under the Net Profit Share Lease (NPSL) system pay royalties based on a share of net profits. To encourage exploration and development of a lease, the NPSL system provides for a sharing, by the lessee and the Government, of the risk involved. The lessee is permitted to deduct allowable costs from net profit, and royalty payments are not due until the lease becomes profitable. Lessees are required to maintain an NPSL capital account and to provide annual reports listing costs incurred, credits received, and the balance in the account. When the account shows a credit balance, lessees are required to prepare monthly reports showing volume and disposition of oil and gas production, production revenue, all costs and credits to the NPSL capital account, the balance in the account, and the net profit share payment due the Government.

Bureau Form Number: Not applicable

Frequency: Annual or monthly

Description of Respondents: Oil and gas companies

Annual Responses: 237

Annual Burden Hours: 3,800

Bureau Clearance Officer: Dorothy Christopher, 703-435-6213.

Dated: October 16, 1986.

**H. Erich Groess,**

*Acting Associate Director for Royalty Management.*

[FR Doc. 86-26977 Filed 12-1-86; 8:45 am]

**BILLING CODE 4310-MR-M**

### National Park Service

#### National Register of Historic Places; Notification of Pending Nominations

Nominations for the following properties being considered for listing in the National Register were received by the National Park Service before November 22, 1986. Pursuant to § 60.13 of 36 CFR Part 60 written comments concerning the significance of these properties under the National Register criteria for evaluation may be forwarded to the National Register, National Park Service, U.S. Department of the Interior, Washington, DC. 20243. Written comments should be submitted by December 17, 1986.

**Carol D. Skull,**

*Chief of Registration, National Register.*

#### CALIFORNIA

##### San Francisco County

San Francisco, *Hale Brothers Department Store*, 901 Market St.

#### INDIANA

##### Tippecanoe County

Lafayette *Ellsworth Historic District*, Roughly bounded by Columbia, Norfolk & Western RR tracks, Alabama, Seventh, South and Sixth Sts.

#### MARYLAND

##### Talbot County

St. Michaels, *Dodson, Henry Clay, House*, 210 N. Talbot St.

#### MISSISSIPPI

##### Rankin County

Richland, *Misterfeldt Home Place*, 1101 Old Hwy. 49 S

#### NORTH CAROLINA

##### Onslow County

Richlands vicinity, *Venters Farm Historic District*, US 258 and NC 1229

#### OHIO

##### Jefferson County

Steubenville, *Union Cemetery—Beatty Park*, 1720 W. Market St. and Lincoln Ave.

##### Butler County

Oxford, *Alexander, Dr. William S., House*, 22 N. College Ave.

##### Crowford County

Bucyrus, *Monnett Memorial M.E. Chapel*, 999 OH 98



**Cuyahoga County**

Cleveland, *Hilliard Apartment Building*,  
2804—2906 Sackett Ave.  
Cleveland, *Panek Building*, 3154 E. Fourty-  
ninth St.

**Knox County**

Mount Vernon, *East High Street Historic  
District*, Roughly bounded by E. Chestnut  
St., S. Catherine St., E. Vine St., and S. Gay  
St.

**Licking County**

Newark, *Hudson Avenue Historic District*,  
Hudson Ave. between Stevens St. and OH  
37

**Richland County**

Mansfield, *City Mills Building*, 160 N. Main  
St.  
Shelby, *Marvin Memorial Library*, 34 N.  
Gamble St.

**PUERTO RICO****Aibonito County**

Aibonito, *Villa Julita*, 401 San Jose Ave.

**Mayaguez County**

Mayaguez, *Antigua Residencia de la Familia  
Nadal*, 13 Dr. Barbosa, S.

**TENNESSEE****Rutherford County**

Lascassas vicinity, *Jarman Farm*, Cainsville  
Pike

**VIRGINIA****King George County**

Weedonville *Cleydael*, Off VA 206

[FR Doc. 86-26970 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-70-M

**Jefferson National Expansion  
Memorial Commission; Meeting**

Notice is hereby given, in accordance with the Federal Advisory Committee Act, 86 Stat. 770, 5 U.S.C. App. 1, as amended by the Act of September 13, 1976, 90 Stat. 1247, that a meeting of the Jefferson National Expansion Memorial Commission will be held December 8, 1986, at 9 a.m. The meeting will be held in the Exhibit Gallery at the Old Courthouse, Jefferson National Expansion Memorial National Historic Site, 11 North Fourth Street, St. Louis, Missouri 63102.

The Commission was originally established on August 24, 1984, pursuant to provisions of the Jefferson National Expansion Memorial Amendments Act of 1984, 98 Stat. 1469, 16 U.S.C. 450j-6, to implement and support the conceptual plan.

Matters to be discussed at the December 8 meeting will include fundraising, design competition, and EastBank alternatives.

The meeting will be open to the public. Interested persons may submit

written statements to the official listed below prior to the meeting. Further information concerning the meeting may be obtained from Alan M. Hutchings, Chief, Division of External Affairs, Midwest Region, National Park Service, 1709 Jackson Street, Omaha, Nebraska 68102, telephone 402-221-3481 (FTS-864-3481). Minutes of the meeting will be available for public inspection at the Midwest Regional Office 3 weeks after the meeting.

Dated: November 26, 1986.

Charles H. Odegaard,

Regional Director, Midwest Region.

[FR Doc. 86-26971 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-70-M

**Upper Delaware National Scenic and  
Recreational River**

**AGENCY:** National Park Service; Upper Delaware Citizens Advisory Council.

**ACTION:** Notice of meeting.

**SUMMARY:** This notice sets forth the date of the forthcoming meeting of the Upper Delaware Citizens Advisory Council. Notice of this meeting is required under the Federal Advisory Committee Act.

**DATE:** December 12, 1986, 7:00 p.m.

Inclement Weather Reschedule Date: None.\*

**ADDRESS:** Town of Tustan Hall, Narrowsburg, New York.

**FOR FURTHER INFORMATION CONTACT:** John T. Hutzky, Superintendent, Upper Delaware Scenic and Recreational River, Drawer, C, Narrowsburg, N.Y. 12764-0159. (717) 729-8251.

**SUPPLEMENTARY INFORMATION:** The Advisory Council was established under section 704(f) of the National Parks and Recreation Act of 1978, Pub. L. 95-625, 16 U.S.C. 1274 note, to encourage maximum public involvement in the development and implementation of the plans and programs authorized by the Act. The Council is to meet and report to the Delaware River Basin Commission, the Secretary of the Interior, and the Governors of New York and Pennsylvania in the preparation of a management plan and on programs which relate to land and water use in the Upper Delaware region. The agenda for the meeting will include discussion of the final draft of River Management Plan and Science Research Project. The meeting will be open to the public.

Any member of the public may file with the council a written statement concerning agenda items. The statement

\* Announcements of cancellation due to inclement weather will be made by radio stations WDNH, WDLG, WSUL, and WVOS.

should be addressed to the Upper Delaware Citizens Advisory Council, P.O. Box 84, Narrowsburg, N.Y. Minutes of the meeting will be available for inspection four weeks after the meeting at the permanent headquarters of the Upper Delaware Scenic and Recreational River, River Road, 1 $\frac{3}{4}$  miles North of Narrowsburg, N.Y., Damascus Township, Pennsylvania.

Dated: November 18, 1986.

Don W. Castleberry,

Acting Regional Director, Mid-Atlantic Region.

[FR Doc. 86-26969 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-70-M

**Gulf Islands National Seashore;  
Advisory Commission Meeting**

**SUMMARY:** Notice is hereby given in accordance with Federal Advisory Commission Act that a meeting of the Gulf Islands National Seashore Advisory Commission will be held at 10 a.m. at the following location and date.

**DATE:** December 11, 1986.

**ADDRESS:** Holiday Inn, Gulf Breeze, Florida.

**FOR FURTHER INFORMATION CONTACT:** Mr. Jerry Eubanks, Superintendent, Gulf Islands National Seashore, P.O. Box 100, Gulf Breeze, Florida 32561, Telephone: (904) 932-6316.

**SUPPLEMENTARY INFORMATION:** The purpose of the Gulf Islands National Seashore Advisory Commission is to consult and advise with the Secretary of the Interior or his designee on matters of planning and development of Gulf Islands National Seashore. The members of the Advisory Commission are as follows:

Mrs. Courtney Blossman, Chairman (Mississippi)  
Mr. Gordon D. Allen (Mississippi)  
Mr. George Byars (Mississippi)  
Mr. Lloyd Caillavet (Mississippi)  
Dr. Ed Cake (Mississippi)  
Mr. William H. Creel, Sr. (Mississippi)  
Mr. Bill Davis (Mississippi)  
Mr. Paul Delcambre, Sr. (Mississippi)  
Ms. Betty S. Goodwin (Mississippi)  
Mrs. Leewynn Hodges (Mississippi)  
Mrs. Sara McGehee (Mississippi)  
Mr. James E. Walker, Sr. (Mississippi)  
Ms. Lois Anderson (Florida)  
Mr. Sherman Barnes (Florida)  
Mr. J. Earle Bowden (Florida)  
Mr. Lamar B. Cobb (Florida)  
Mr. Paul A. Daniel (Florida)  
Mrs. Betty Gerritz (Florida)  
Mr. Michael Mitchell (Florida)  
Mrs. Dianne Rittenhouse (Florida)  
Mr. Roger Taylor Robinson (Florida)  
Mr. Walter Francis Spence (Florida)  
Mr. Britton Stamps (Florida)  
Mr. Vince Whibbs (Florida)



The matters to be discussed at this meeting will include:

(1) The status of development plans for Naval Live Oaks;

(2) The status of replacement structures at Ship Island; and

(3) The status of research projects.

The meeting will be open to the public. However, facilities and space for accommodating members of the public are limited and it is expected that not more than 25 persons will be able to attend. Any member of the public may file with the commission a written statement concerning the matters to be discussed. Written statements may also be submitted to the Superintendent at the address above. Minutes of the meeting will be available at Park Headquarters for public inspection approximately 4 weeks after the meeting.

Dated: November 18, 1986.

C.W. Ogle,

Acting Regional Director, Southeast Region.

[FR Doc. 86-27068 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-70-M

#### Office of Surface Mining Reclamation and Enforcement

##### Information Collection Submitted to the Office of Management and Budget for Review Under the Paperwork Reduction Act

The proposal for the collection of information listed below has been submitted to the Office of Management and Budget for approval under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35). Copies of the proposed collection of information and related forms and explanatory material may be obtained by contacting the Bureau's clearance officer at the phone number listed below. Comments and suggestions on the requirement should be made within 30 days directly to the Bureau clearance officer and to the Office of Management and Budget Interior Department Desk Officer, Washington, DC 20503, telephone 395-7313.

*Title:* Procedures and Criteria for Approval or Disapproval of State Program Submissions 30 CFR 732.

*Abstract:* This part establishes the procedures and criteria for approval or disapproval of State Program submissions. Section 732.16 requires the State to establish a system of reporting to OSMRE on information collected by the State and § 732.17 requires notification to be made of any changes to the State program.

Bureau Form Number: None.

Frequency: Quarterly and on occasion.

Description of Respondents: State Regulatory Authorities.

Annual Responses: 120.

Annual Burden Hours: 1,080.

Bureau Clearance Officer: Darlene Grose Boyd 343-5447.

Dated: November 3, 1986.

Carson W. Culp,

Assistant Director, Budget and Administration.

[FR Doc. 86-26973 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-5-M

##### Information Collection Submitted to the Office of Management and Budget for Review Under the Paperwork Reduction Act

The proposal for the collection of information listed below has been submitted to the Office of Management and Budget for approval under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35). Copies of the proposed collection of information and related forms and explanatory material may be obtained by contacting the Bureau's clearance officer at the phone number listed below. Comments and suggestions on the requirement should be made within 30 days directly to the Bureau clearance officer and to the Office of Management and Budget Interior Department Desk Officer, Washington, D.C. 20503, telephone 395-7313.

*Title:* Surface Coal Mining Reclamation Operations; Permanent Regulatory Program; Underground Coal Mining Activities; Hydrologic-Balance Protection.

*Abstract:* The Office of Surface Mining Reclamation and Enforcement is proposing to amend certain portions of its regulations applicable to restoration of recharge capacity for underground mines. This proposal discusses two options which consist of: (1) Retaining paragraphs 30 CFR 784.14(g) and 817.41(b)(2) in their entirety; and (2) modifying paragraph 30 CFR 784.14(g) by removing the phrase "and restore approximate premining recharge capacity" and by removing paragraph 30 CFR 817.41(b)(2) from the Federal regulations.

Bureau Form Number: None.

Frequency: On occasion.

Description of Respondents: Underground Mine Operators.

Annual Responses: 1.

Annual Burden Hours: 53,000.

Bureau Clearance Officer: Darlene Grose Boyd 343-5447.

Dated: November 3, 1986.

Carson W. Culp,

Assistant Director, Budget and Administration.

[FR Doc. 86-26974 Filed 12-1-86; 8:45 am]

BILLING CODE 4310-05-M

#### INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

##### Agency for International Development

##### Housing Guaranty program; Investment Opportunities

The Agency for International Development (A.I.D.) has authorized the guaranty of a loan to the Housing Development Finance Corporation Limited, of Bombay, India (Borrower) as part of A.I.D.'s overall development assistance program. The proceeds of this loan will be used to develop a fully functioning private housing finance system in India which will make long-term shelter financing available for low income families residing in the country of the Borrower. The following is the address of the Borrower and the loan amount for projects that will soon be ready to receive financing and for which the Borrower will be requesting proposals from U.S. lenders or investment bankers: INDIA, Project: 386-HG-002(B)-\$12,000,000, Mr. Pradip Shah, General Manager, Mr. Deepak Satwaleker, General Manager, Finance and Planning, Housing Development Finance Corporation, Limited, c/o Mr. J.C. Choudhry, Assistant Vice President, Bank of India, 277 Park Avenue, 36th Floor, New York, NY 10172, Telephone: 212/753-6100, Ext. 334, Telex: 239707 BOI UR, 239768 BOI UR.

Interested investors should telegram their bids to the Borrower's representative on December 9, 1986 but no later than 4:00 p.m. New York Time. Bids should be open at least 24 hours. Copies of all bids should be simultaneously sent to the following addresses:

Mr. Philip-Michael Gary, Assistant Director/Asia, USAID/Bangkok, Box 47, APO San Francisco 96346-0001, Telex: 87058, Telephone: 66-2-252-6281 or 66-2-252-8191

Agency for International Development, Michael G. Kitay, Herbert T. McDevitt, GC/PRE, Room 3208 N.S., Washington, D.C. 20523, Telex No.: 892703 AID WSA, Telefax No. 202/647-1805.

The bids should consider the following terms:

- (a) Amount: U.S. \$25 million.
- (b) Term: Up to 30 years.



(c) *Grace Period on Principal:* 10 years.

(d) *Interest Rate:* Fixed or Floating.

(e) *Fees:* Payable at closing from proceeds of loan.

Interested investors are requested to contact the Borrower's representatives promptly to clarify the details of the proposed financing.

Selection of investment bankers and/or lenders and the terms of the loan are initially subject to the individual discretion of the Borrower and thereafter subject to approval by A.I.D. The lender and A.I.D. shall enter into a Contract of Guaranty, covering the loan. Disbursements under the loan will be subject to certain conditions required of the Borrower by A.I.D. as set forth in agreements between A.I.D. and the Borrower.

The full repayment of the loans will be guaranteed by A.I.D. The A.I.D. guaranty will be backed by the full faith and credit of the United States of America and will be issued pursuant to authority in section 222 of the Foreign Assistance Act of 1961, as amended (the "Act").

Lenders eligible to receive an A.I.D. guaranty are those specified in section 238(c) of the Act. They are: (a) U.S. citizens; (2) domestic U.S. corporations, partnerships, or associations substantially beneficially owned by U.S. citizens; (3) foreign corporations whose share capital is at least 95 percent owned by U.S. citizens; and, (4) foreign partnerships or associations wholly owned by U.S. citizens.

To be eligible for an A.I.D. guaranty, the loans must be repayable in full no later than the thirtieth anniversary of the disbursement of the principal amount thereof. The maximum rate of interest shall be a rate which in A.I.D.'s opinion is similar to current borrowing rates for Housing and Urban Development housing mortgage loans.

Information as to the eligibility of investors and other aspects of the A.I.D. housing guaranty program can be obtained from: Peter M. Kimm, Director, Office of Housing and Urban Programs, Agency for International Development, Room 6212 N.S., Washington, DC 20523, Telephone: 202/647-9082.

Dated: November 26, 1986.

Mario Pita,

Deputy Director, Office of Housing and Urban Programs.

[FR Doc. 86-27099 Filed 12-1-86; 8:45 am]

BILLING CODE 6116-01-M

## DEPARTMENT OF JUSTICE

### Bureau of Prisons

#### National Institute of Corrections Advisory Board Meeting

Notice is hereby given that the National Institute of Corrections Advisory Board will meet on December 14, 1986, starting at 8:30 a.m. at the Fountain Suite Hotel, 2577 West Greenway Road, Phoenix, Arizona 85023. At this meeting (one of the regularly scheduled triannual meetings of the Advisory Board), the Board will receive its subcommittee's reports and recommendations as to future thrusts of the Institute.

Raymond C. Brown,  
Director.

[FR Doc. 86-26976 Filed 12-1-86; 8:45 am]

BILLING CODE 4410-05-M

## DEPARTMENT OF LABOR

### Employment and Training Administration

#### Federal-State Unemployment Compensation Program; Certification Relating to Reduced Credits Under the Federal Unemployment Tax Act for 1986

Section 3302(c)(2) of the Federal Unemployment Tax Act (FUTA) provides for the repayment, through reduced credits, of outstanding balances of repayable advances made to States under Title XII of the Social Security Act. States that meet specific criteria under subsection (f) or (g) of section 3302 may have the credit reduction limited or not applied. The certification to the Secretary of the Treasury of States subject to the credit reduction for 1986 and States that qualify for credit reduction relief is published below.

Date: November 25, 1986.

Roger D. Semerad,  
Assistant Secretary of Labor.

#### Department of Labor

November 17, 1986.

The Honorable James A. Baker III,  
Secretary of the Treasury, Washington, DC  
20220

Dear Secretary Baker: This is to verify the States which have an outstanding balance of repayable advances under Title XII of the Social Security Act and to notify you of my determination as to the status of the States with regard to the reduction in credit provisions of Section 3302(c)(2) of the Federal Unemployment Tax Act (FUTA).

Pursuant to delegation of authority to me, I have determined that employers in seven

States are subject to a reduction in FUTA offset credit for taxable year 1986:

|           |               |
|-----------|---------------|
| Illinois  | Pennsylvania  |
| Louisiana | West Virginia |
| Michigan  | Wisconsin     |
| Ohio      |               |

Under certain conditions, subsection (f) of section 3302 of the FUTA limits or caps the FUTA tax credit reduction in a year to an amount which does not exceed the greater of 0.6 percent of wages subject to FUTA or the percentage reduction that was in effect for the preceding taxable year. To qualify for a cap in taxable year 1986, the Secretary of Labor (or his delegate) must determine that a State has taken no action in the 12 months ending on September 30, 1986, unless required under State law in effect before August 13, 1981, which has resulted or will result in:

- (1) A reduction in the State's unemployment tax effort,
- (2) A net decrease in the solvency of the State unemployment compensation system, and, further, that:
- (3) The State unemployment tax rate for the calendar year equals or exceeds the average benefit cost ratio for calendar years in the five-calendar year period ending with calendar year 1985, and

(4) The outstanding balance of advances to the State on September 30 of calendar year 1986 was not greater than the outstanding balance for such State on September 30, 1983.

Pursuant to delegation of authority to me, I have determined that under these criteria two States qualify for the cap, but are not subject to reduced FUTA credits for 1986 because they also qualify for avoidance of the offset credit reduction under subsection (g) of section 3302 as noted below.

I have also determined that five States are not affected by the cap and are subject to reduced FUTA credits for 1986 as follows:

|                    | Percent |
|--------------------|---------|
| Illinois.....      | 1.2     |
| Louisiana.....     | 0.9     |
| Ohio.....          | 1.1     |
| Pennsylvania.....  | 1.2     |
| West Virginia..... | 1.1     |

Subsection (g) of section 3302 gives a State the option of repaying on or before November 9 a portion of its outstanding loans each year through transfer of a specified amount from its account in the Unemployment Trust Fund (UTF) to the Federal Unemployment Account (FUA) in the UTF. The transfer to FUA would be in lieu of a reduced credit in the Federal tax paid by the employers in the State. The State must meet, as determined by the Secretary of Labor (or his delegate), the following criteria in order to avoid the offset credit reduction for 1986:

- (1) Make repayments to FUA during the 1-year period ending on November 9, 1986, of an amount not less than the sum of all loans made to the State in the 1-year period ending on such November 9, plus the potential additional taxes due by reason of the reduced credit applicable to taxable year 1986;
- (2) Have or will have sufficient funds remaining after such repayments to pay benefits for at least three months from



November 1 of the same year without receiving another Title XII advance; and

(3) Have taken action by amendment of the State law, after the date of the first advance taken into account, to increase the net solvency of its UI system, and such net increase equals or exceeds the potential additional taxes for such taxable year.

Pursuant to delegation of authority to me, I have determined that under these criteria two States qualify and are thus not subject to reduced FUTA credits for 1986 as follows:

Michigan

Wisconsin

Further, I have determined that the States of North Dakota and Texas have an outstanding balance of Title XII advances as of November 10, 1986, but are not subject to reduced credits for 1986.

Finally, please note that an issue exists with the State of Maine under section 3302(c)(3) of the FUTA, which may affect the tax credits allowable to Maine employers for 1986. This section of FUTA requires a reduction in employer tax credits of 7.5 percent of the tax imposed if the Secretary determines that the State has not fulfilled its commitments under an agreement with the Secretary of Labor to administer the Trade Adjustment Assistance Program under Chapter 2 of Title II of the Trade Act of 1974. The case is currently in the administrative hearing stage. Should it be necessary to impose the tax offset credit reduction required by section 3302(c)(3) of the FUTA, the Secretary will notify you directly.

Sincerely,

Carolyn M. Goulding,

Director, Unemployment Insurance Service.

[FR Doc. 86-27057 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-18,252]

**Bethlehem Steel Corp., Beaumont, TX;  
Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on September 30, 1986 in response to a worker petition which was filed on behalf of workers at Bethlehem Steel Corporation, Beaumont, Texas.

The petitioning group of workers are subject to an ongoing investigation for which a determination has not yet been issued (TA-W 17,871). Consequently, further investigation in this case would serve no purpose and the investigation has been terminated.

Signed at Washington, DC, this 3rd day of November 1986.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 86-27062 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-18,354]

**Johnn Drilling Co. Odessa, TX;  
Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on October 14, 1986 in response to a worker petition received on October 2, 1986; and filed by employees on behalf of workers at Johnn Drilling Company Odessa, Texas.

A negative determination applicable to the petitioning group of workers was issued on October 28, 1986 (TA-W-18,294). No new information is evident which would result in a reversal of the Department's previous determination. Consequently, further investigation in this case would serve no purpose; and the investigation has been terminated.

Signed at Washington, DC, this 3rd day of November 1986.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 86-27065 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-17,796]

**Oxford Chemical, New Brunswick, NJ;  
Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on August 4, 1986 in response to a worker petition which was filed by the International Brotherhood of Electrical workers on behalf of workers at Oxford Chemical, New Brunswick, New Jersey.

An active certification covering the petitioning group of workers remained in effect two weeks after workers were terminated. The workers were previously certified as being eligible for adjustment assistance benefits on July 11, 1984. The certification remained in effect until July 11, 1986 (TA-W-15,088). The company shut down operations on June 26, 1986 at which time all workers were terminated. Thus, the workers were covered by a current certification. Consequently, further investigation in this case would serve no purpose, and the investigation has been terminated.

Signed at Washington, DC, this 27th day of October 1986.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 86-27061 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-18,358]

**Philbeck, Inc. Corpus Christi, TX;  
Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, and investigation was initiated on October 14, 1986 in response to a worker petition received on October 7, 1986; and filed by the company on behalf of workers at Philbeck, Incorporated, Corpus Christi, Texas.

A negative determination applicable to the petitioning group of workers was issued on October 31, 1986 (TA-W-18,124). No new information is evident which would result in a reversal of the Department's previous determination. Consequently further investigation in this case would serve no purpose; and the investigation has been terminated.

Signed at Washington, DC, this 3rd day of November 1986.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 86-27063 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-17,980]

**Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on September 15, 1986 in response to a worker petition received on August 25, 1986 which was filed on behalf of workers at Joseph M. Herman Shoe Company, Incorporated, Scarborough, Maine, a subsidiary of Stride Rite Corporation. The workers produced welted leather shoes and boots and injection molded boots.

The petitioning group of workers are subject to an ongoing investigation for which a determination has not yet been issued (TA-W-17,877). Consequently, further investigation in this case would serve no purpose; and the investigation has been terminated.

Signed at Washington, DC, this 10th day of November 1986.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 86-27060 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-18,344]

**Texas Oil and Gas, Midland, TX;  
Termination of Investigation**

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on October 20, 1986 in response



to a worker petition which was filed on behalf of workers at Texas Oil and Gas, Midland, Texas.

A negative determination applicable to the petitioning group of workers was issued on November 10, 1986 (TA-W-17,719). No new information is evident which would result in a reversal of the department's previous determination. Consequently, further, investigation in this case would serve no purposes; and the investigation has been terminated.

Signed at Washington, DC., this 14th day of November 1986.

**Marvin M. Fooks,**

*Director, Office of Trade Adjustment Assistance.*

[FR Doc. 86-27064 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-18,464]

**The Lee Company, Sulphur Springs, TX; Termination of Investigation**

Pursuant to Section 221 of the Trade Act of 1974, an investigation was initiated on October 27, 1986 in response to a worker petition received on October 16, 1986 which was filed on behalf of workers at The Lee Company, Sulphur Springs Texas.

The petitioning group of workers are subject to an ongoing investigation for which a determination has not yet been issued (TA-W-18,368). Consequently, further investigation in this case would serve no purpose; and the investigation has been terminated.

Signed at Washington, DC, this 10th day of November 1986.

**Marvin M. Fooks,**

*Director, Office of Trade Adjustment Assistance.*

[FR Doc. 86-27066 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

**Determinations Regarding Eligibility To Apply for Worker Adjustment Assistance; Edison Battery, Products et al.**

In accordance with section 223 of the Trade Act of 1974 (19 U.S.C. 2273) the Department of Labor herein presents summaries of determinations regarding eligibility to apply for adjustment assistance issued during the period November 17, 1986-November 21, 1986.

In order for an affirmative determination to be made and a certification of eligibility to apply for adjustment assistance to be issued, each of the group eligibility requirements of section 222 of the Act must be met.

(1) That a significant number or proportion of the workers in the

workers' firm, or an appropriate subdivision thereof, have become totally or partially separated,

(2) That sales or production, or both, of the firm or subdivision have decreased absolutely, and

(3) That increases of imports of articles like or directly competitive with articles produced by the firm or appropriate subdivision have contributed importantly to the separations, or threat thereof, and to the absolute decline in sales or production.

**Negative Determinations**

In each of the following cases the investigation revealed that criterion (3) has not been met. A survey of customers indicated that increased imports did not contribute importantly to worker separations at the firm.

TA-W-18,172; Edison Battery Products, Belleville, NJ

TA-W-17,847; Atlas Energy Group, Inc., Coraopolis, PA

TA-W-18,187; E.I. DuPont de Nemours & Co., Inc., Corpus Christi Plant, Ingleside, TX

TA-W-18,167; Federal Mogul Corp., Mooreville, IN

TA-W-17,620; Nord Photo Engineering, Inc., New Hope, MN

TA-W-17,873; Hanford Foundry Co., San Bernardino, CA

TA-W-17,562; Frankham Foundry Co., Canton, OH

In the following cases the investigation revealed that criterion (3) has not been met for the reasons specified.

TA-W-18,173; United Dressed Beef, Inc., Minneapolis, MN

Aggregate U.S. imports of table beef and veal are negligible.

TA-W-17,850; Container Products, Inc., Port Arthur, TX

Aggregate U.S. imports of steel drums are negligible.

TA-W-18,400; F.C.I. Inc., Odessa, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17,581; Overhead Door Corp., Indiana Div., Hartford City, IN

U.S. imports of overhead doors are negligible in the relevant period.

TA-W-17,667; Glicks Brothers, Inc., Lewistown, PA

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,175; Quantum Logic Corp., Secaucus, NJ

Imports did not contribute importantly to workers separations at the subject firm.

TA-W-18,182; Church and Dwight Co., Inc., Solvay, NY

Separations from the subject firm resulted from a transfer of production to another domestic facility.

TA-W-18,351; Joy Manufacturing Co., Marshall, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,305; Action Temporary Service, Corpus Christi, TX

The workers' firm does not produce an article as required for certification under section 222 of the Trade Act of 1974.

TA-W-18,389; Agri-Energy, Dilley, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17,835; Kenworth Truck Co., Kansas City, MO

Aggregate U.S. imports of heavy duty trucks are relatively minor. Demand for heavy duty trucks has declined sharply in recent periods.

TA-W-18,475; Gray Tool Co., Houston, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-17,855; Parker Plastics, Inc., Odessa, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17,886; ASARCO, Inc., Amarillo Copper Refinery, Amarillo, TX

The investigation revealed that criterion (2) has not been met. Sales or production did not decline during the relevant period as required for certification.

TA-W-18,114; Empire State Products, Richmond Hill, NY

The investigation revealed that criterion (2) has not been met. Sales or production did not decline during the relevant period as required for certification.

TA-W-18,209; Dana Corporation, Ashland, OH

Separations from the subject firm resulted from a transfer of production to another domestic facility.

TA-W-18,131; Quarles Drilling Co., Tulsa, OK

The workers' firm does not produce an article as required for certification



under Section 222 of the Trade Act of 1974.

TA-W-18,146; *Seibel and Sons, Inc.*,  
Ross, ND

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,473; *Hughes Production Tool*,  
Huntsville, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,226; *United Energex*,  
Bridgeport, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,365; *NL Atlas Bradford, NL Industries, Inc.*,  
Corpus Christi, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,433; *Harkin Drilling Co.*,  
Abilene, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,303; *Arlin Drilling Co.*,  
Houston, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,393; *Alloy Ball & Seat Co., Inc.*,  
Corpus Christi, TX

Aggregate U.S. imports of Oilfield equipment are negligible.

TA-W-18,396; *Centrilift-Hughes*,  
Claremore, OK

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,382; *U-Joint, Inc.*,  
Odessa, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,394; *Brown & Root, Inc.*,  
Ingleside, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17, 689; *Greyhound Lines, Inc.*,  
Paso, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17, 695; *Industrial Machine Shop*,  
Williston, ND

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,296; *Bowen Tools, Inc.*,  
Williston, ND

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,500; *Sherman Drilling Co.*,  
Mineral City, OH

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,506; *Amerada Hess Corp.*,  
Denver, CO

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,507; *Damson Oil Corp.*,  
Denver District Office, Denver, CO

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,543; *Energy Dynamics, Inc.*,  
Alice, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,501; *Smith Drilling Systems, Division of Smith International*,  
Houston, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,224; *Carbon Coal*,  
Gallup, NM

Aggregate U.S. imports of coal are negligible.

TA-W-18,451; *Bowen Tools, Inc.*,  
Houston, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-18,445; *Baker Packers*,  
Beaumont, TX

Aggregate U.S. imports of oilfield equipment are negligible.

TA-W-17,927; *USS Corporation (Formerly United States Steel Corp)*,  
Lorain Works, Lorain, OH

Aggregate U.S. imports of hot rolled carbon steel bars and welded and seamless carbon steel pipe and tubing did not increase as required for certification.

TA-W-17,719; *TXO Production Corp.*,  
Midland, TX

Aggregate U.S. imports of natural gas did not increase as required for certification.

TA-W-17,844; *Texas Oil and Gas Corp.*,  
Amarillo, TX

Aggregate U.S. imports of natural gas did not increase as required for certification.

TA-W-18,230; *Santa Fe Drilling Co.*,  
Lafayette, LA

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-18,257; *Santa Fe Drilling Co.*,  
Odessa, TX

The workers' firm does not produce an article as required for certification under Section 222 of the Trade Act of 1974.

TA-W-17,916; *Continental Products*,  
Odessa, TX

Aggregate U.S. imports of oilfield chemicals are negligible.

TA-W-17,916A; *Continental Products*,  
Winters, TX

Aggregate U.S. imports of oilfield chemicals are negligible.

TA-W-18,082; *Oilfield Service Company of America*,  
Lafayette, LA

Aggregate U.S. imports of oilfield chemicals are negligible.

TA-W-18,083; *Oilfield Service Company of America*,  
Houston, TX

Aggregate U.S. imports of oilfield chemicals are negligible.

#### Affirmative Determinations

TA-W-18,185; *Prestolite Wire Corp.*,  
Port Huron, MI

A certification was issued covering all workers of the firm separated on or after June 1, 1986.

TA-W-17,929; *Reserve Mining Co.*,  
Babbitt, MN

A certification was issued covering all workers of the firm separated on or after November 1, 1985.

TA-W-17,929A; *Reserve Mining Co.*,  
Silver Bay, MN

A certification was issued covering all workers of the firm separated on or after November 1, 1985.

TA-W-18,181; *Columbian Cutlery, Inc.*,  
Reading, PA

A certification was issued covering all workers of the firm separated on or after September 11, 1985.

TA-W-17,654; *Kari's Fashions, Inc.*,  
East Orange, NJ

A certification was issued covering all workers of the firm separated on or after June 9, 1985 and before June 15, 1986.

TA-W-18,037; *L.B. Evans' Sons Co.*,  
Wakefield, MA

A certification was issued covering all workers of the firm separated on or after December 15, 1985.



**TA-W-17,839; Dee Drilling Co., Mount Carmel, IL**

A certification was issued covering all workers of the firm separated on or after July 20, 1985.

**TA-W-17,819; Lomak Petroleum, Inc., Hartville, OH**

A certification was issued covering all workers of the firm separated on or after July 16, 1985.

**TA-W-17,893; Keystone Lamp Manufacturing Corp., Slatington, PA**

A certification was issued covering all workers of the firm separated on or after August 1, 1985.

**TA-W-17,933; Harter Corp., Sturgis, MI**

A certification was issued covering all workers of the firm separated on or after June 1, 1986.

**TA-W-17,476; Stanley Blacker Now of Women, New York, NY**

A certification was issued covering all workers of the firm separated on or after October 1, 1985 and before December 8, 1985.

**TA-W-17,887; J.I. Case Co., Racine, WI**

A certification was issued covering all workers engaged in employment related to the production of tractors of less than 100 hp at the firm separated on or after August 15, 1985.

**TA-W-17,877; Joseph M. Herman Shoe Corp. Co., Inc., Scarborough, ME**

A certification was issued covering all workers of the firm separated on or after July 25, 1986.

**TA-W-17,953; Penn Footwear, Nanticoke, PA**

A certification was issued covering all workers of the firm separated on or after July 14, 1985 and before July 1, 1986.

**TA-W-17,603; Excalibur Automobile Corp., West Allis, WI**

A certification was issued covering all workers of the firm separated on or after June 6, 1985.

**TA-W-17,941; Timken Company, Columbus, OH**

A certification was issued covering all workers of the firm separated on or after February 24, 1986.

**TA-W-17,715; General Electric Company Mobile Communications Business Division, Lynchburg, VA**

A certification was issued covering all workers engaged in employment related to two-way radios and parts at the firm separated on or after March 25, 1985.

**TA-W-17,956; Erie Mining Co., Hoyt Lakes, MN**

A certification was issued covering all workers of the firm separated on or after July 28, 1985.

I hereby certify that the aforementioned determinations were issued during the period November 24, 1986–November 28, 1986. Copies of these determinations are available for inspection in Room 6434, U.S. Department of Labor, 601 D Street NW., Washington, DC 20213 during normal business hours or will be mailed to persons to write to the above address.

Dated: November 25, 1986.

**Marvin M. Fooks,**

*Director, Office of Trade Adjustment Assistance.*

[FR Doc. 86-27058 Filed 12-1-86; 81:45 am]

BILLING CODE 4510-30-M

**Investigations Regarding Certifications of Eligibility To Apply for Worker Adjustment Assistance; Teledyne Exploration et al.**

Petitions have been filed with the Secretary of Labor under section 221 (a)

of the Trade Act of 1974 ("the Act") and are identified in the Appendix to this notice. Upon receipt of these petitions, the Director of the Office of Trade Adjustment Assistance, Employment and Training Administration, has instituted investigations pursuant to section 221 (a) of the Act.

The purpose of each of the investigations is to determine whether the workers are eligible to apply for adjustment assistance under Title II, Chapter 2, of the Act. The investigations will further relate, as appropriate, to the determination of the date on which total or partial separations began or threatened to begin and the subdivision of the firm involved.

The petitioners or any other persons showing a substantial interest in the subject matter of the investigations may request a public hearing, provided such request is filed in writing with the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than December 12, 1986.

Interested persons are invited to submit written comments regarding the subject matter of the investigations to the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than December 12, 1986.

The petitions filed in this case are available for inspection at the Office of the Director, Office of Trade Adjustment Assistance, Employment and Training Administration, U.S. Department of Labor, 601 D Street, NW., Washington, DC 20213.

Signed at Washington, DC, this 24th day of November 1986.

**Marvin M. Fooks,**

*Director, Office of Trade Adjustment Assistance.*

## APPENDIX

| Petitioner (union/workers/firm)                            | Location           | Date received | Date of petition | Petition No. | Articles produced                          |
|--|--------------------|---------------|------------------|--------------|--|
| Teledyne Exploration (workers)                             | Houston, TX        | 11/13/86      | 11/1/86          | TA-W-18,630  | Oil exploration.                           |
| Petro-Lewis Corporation (workers)                          | Catarina, TX       | 11/13/86      | 11/5/86          | TA-W-18,631  | Cleaning, repairing oil equipment.         |
| M.H. Brackeen Jr. Oilfield Sales & Service, Inc. (workers) | Corpus Christi, TX | 11/13/86      | 10/6/86          | TA-W-18,632  | Clean pipers used in oil drilling.         |
| W.C. Norris (workers)                                      | Tulsa, OK          | 11/13/86      | 10/27/86         | TA-W-18,633  | Produces steel suckers, rods, & couplings. |
| The Permian Corporation (workers)                          | Hays, KS           | 11/13/86      | 10/24/86         | TA-W-18,634  | Transporting crude oil.                    |
| Equipment Renewal Co. (workers)                            | Carrizo Spgs, TX   | 11/13/86      | 10/20/86         | TA-W-18,635  | Make and repair well heads.                |
| Fancy Stitchers Skowhegan Div. (workers)                   | Skowhegan, ME      | 11/17/86      | 11/10/86         | TA-W-18,636  | Cutting of tapestry and leather.           |
| ELTEC Instrument (workers)                                 | Daytona Beach, FL  | 11/17/86      | 11/3/86          | TA-W-18,637  | Infra-red sensors.                         |
| C-E Air Preheater (workers)                                | Marion, NC         | 11/17/86      | 11/3/86          | TA-W-18,638  | Heater elements.                           |
| Delhi Gas Pipeline Corp. (workers)                         | Pecos, TX          | 11/17/86      | 11/5/86          | TA-W-18,639  | Natural gas production & transportation.   |
| AT&T Technologies New River Valley Plant (workers)         | Radford, VA        | 11/17/86      | 11/7/86          | TA-W-18,640  | Transformers and switches.                 |
| Baldt Incorporated (IUMSW)                                 | Chester, PA        | 11/17/86      | 11/10/86         | TA-W-18,641  | Welded chain and links.                    |
| E.I. Dupont (workers)                                      | Charleston, SC     | 11/17/86      | 11/5/86          | TA-W-18,642  | Dacron fiber.                              |
| Advanced Specialty & Platers & Coasters, Inc. (USWA)       | Lansdowne, PA      | 11/17/86      | 11/12/86         | TA-W-18,643  | Resistance welded wire products.           |
| Butler Refractories (USWA)                                 | Pittsburg, PA      | 11/17/86      | 11/12/86         | TA-W-18,644  | Factory liners for the steel industry.     |
| Valley Camp of Utah, Inc. (company)                        | Helper, UT         | 11/17/86      | 11/5/86          | TA-W-18,645  | Bituminous coal.                           |
| Whitaker Div. of Ristance Corp. (IBEW)                     | St. Joseph, MO     | 11/17/86      | 11/4/86          | TA-W-18,646  | Automotive replacement parts.              |
| Sunshine Mining Co. (workers)                              | Boise, ID          | 11/17/86      | 10/31/86         | TA-W-18,647  | Silver.                                    |
| Weyerhaeuser Co. Raymond Pe Ell Wood Div. (IAW)            | Raymond, WA        | 11/17/86      | 11/5/86          | TA-W-18,648  | Lumber.                                    |
| New Dade Apparel, Inc. (workers)                           | Hialeah, FL        | 11/17/86      | 10/28/86         | TA-W-18,649  | Ladies' jackets and skirts.                |
| S&G Sporting Goods, Inc. (workers)                         | Taunton, MA        | 11/17/86      | 11/6/86          | TA-W-18,650  | Tote bags.                                 |
| Reynolds Metals Co. (IUMSW)                                | Eagle Pass, TX     | 11/17/86      | 10/30/86         | TA-W-18,651  | Acid grade fluorspar.                      |
| RCA Consumer Electronics Plants (IBEW)                     | Indianapolis, IN   | 11/17/86      | 11/5/86          | TA-W-18,652  | High voltage transformers.                 |
| Warwick Specialties (ILGPNWU)                              | West Warwick, RI   | 11/19/86      | 11/12/86         | TA-W-18,653  | Bags.                                      |
| Tessa International (workers)                              | Sergeant Bluff, IA | 11/19/86      | 10/2/86          | TA-W-18,654  | Agricultural fertilizers.                  |



## APPENDIX—Continued

| Petitioner (union/workers/firm)                   | Location          | Date received | Date of petition | Petition No. | Articles produced                    |
|---|-------------------|---------------|------------------|--------------|--------------------------------------|
| Dayton Rogers Federal (workers)                   | Minneapolis, MN   | 11/19/86      | 11/10/86         | TA-W-18,655  | Metal stampings.                     |
| J.H. Rutter-Rex Mfg. Co. Inc. (workers)           | New Orleans, LA   | 11/19/86      | 11/6/86          | TA-W-18,656  | Trousers, jeans, skirts & blouses.   |
| J.H. Rutter-Rex Mfg. Co. Inc. (workers)           | Frankington, LA   | 11/19/86      | 11/6/86          | TA-W-18,657  | Trousers, jeans, skirts & blouses.   |
| J.H. Rutter-Rex Mfg. Co. Inc. (workers)           | Columbia, MS      | 11/19/86      | 11/6/86          | TA-W-18,658  | Trousers, jeans, skirts & blouses.   |
| Goodyear Tire & Rubber (URW)                      | Windsburg, VT     | 11/17/86      | 11/6/86          | TA-W-18,659  | Shoe soles and heels.                |
| Jamestown Malleable Iron (USWA)                   | Jamestown, NY     | 11/17/86      | 11/6/86          | TA-W-18,660  | Iron castings.                       |
| Freeman Shoe (workers)                            | Hanover, PA       | 11/17/86      | 10/31/86         | TA-W-18,661  | Men's dress shoes.                   |
| John I. Pauding (UAW)                             | New Bedford, MA   | 11/17/86      | 11/4/86          | TA-W-18,662  | Electric, fixtures.                  |
| Interstate Drop Forge (Boilermakers)              | Milwaukee, WI     | 11/17/86      | 10/27/86         | TA-W-18,663  | Forgings connecting rods.            |
| Lucas-Milhaupt (workers)                          | Cudahy, WI        | 11/17/86      | 11/7/86          | TA-W-18,664  | Brazing preforms.                    |
| Moench Tanning (workers)                          | Gowanda, NY       | 11/17/86      | 11/5/86          | TA-W-18,665  | Leather for shoes.                   |
| LTV Steel (UMW)                                   | Fredericktown, PA | 11/17/86      | 11/6/86          | TA-W-18,666  | Metallurgical coal.                  |
| Barrett & Haentjens Co. (IMAWU)                   | Hazleton, PA      | 11/20/86      | 7/15/86          | TA-W-18,667  | Centrifugal pumps.                   |
| Jo-Mar Sportswear, Inc. (ILGWU)                   | East Boston, MA   | 11/20/86      | 11/12/86         | TA-W-18,668  | Women's skirts.                      |
| Sam's Well Service (workers)                      | Guymon, OK        | 11/20/86      | 11/11/86         | TA-W-18,669  | Service oil and gas wells.           |
| Weinbrenner Shoe Factory (UECW)                   | Antigo, WI        | 11/20/86      | 11/29/86         | TA-W-18,670  | Safety and outdoor footwear.         |
| Code-A Phone Corp. (company)                      | Clackams, OR      | 11/20/86      | 11/8/86          | TA-W-18,671  | Repair telephone answering machines. |
| Duval Corporation Headquarters (company)          | Tucson, AZ        | 11/20/86      | 11/12/86         | TA-W-18,672  | Copper & molybdenum.                 |
| Duval Corporation Mineral Park Property (company) | Kingman, AZ       | 11/20/86      | 11/12/86         | TA-W-18,673  | Copper & molybdenum.                 |
| Duval Corporation Sierra, Property (company)      | Sahuarita, AZ     | 11/20/86      | 11/12/86         | TA-W-18,674  | Copper & molybdenum.                 |
| Absher Oil Company (company)                      | Carmi, IL         | 11/21/86      | 11/13/86         | TA-W-18,675  | Crude oil.                           |
| Agrico Chemical Co. (workers)                     | Catoosa, OK       | 11/21/86      | 11/10/86         | TA-W-18,676  | Ammonia and fertilizer.              |
| BHP Petroleum (Americas) Inc. (workers)           | Houston, TX       | 11/21/86      | 11/14/86         | TA-W-18,677  | Oil and gas exploration.             |
| Bass Enterprises Production Co. (workers)         | Fort Worth, TX    | 11/21/86      | 11/10/86         | TA-W-18,678  | Crude oil and natural gas.           |
| CPC Hamilton-Fairfield (UAW)                      | Hamilton, OH      | 11/21/86      | 11/13/86         | TA-W-18,679  | Automotive stamping parts.           |
| Cummins Southern Plains Inc. (workers)            | Lubbock, TX       | 11/21/86      | 11/13/86         | TA-W-18,680  | Niebel engines and parts.            |
| Don L. Burris Petroleum (company)                 | Midland, TX       | 11/21/86      | 11/14/86         | TA-W-18,681  | Oil and gas consulting.              |
| Great Bend Well Service (company)                 | Great Bend, KS    | 11/18/86      | 11/6/86          | TA-W-18,682  | Maintenance of oil wells.            |
| Ohio River Pipeline (workers)                     | East Sparta, OH   | 11/21/86      | 11/13/86         | TA-W-18,683  | Petroleum products.                  |
| Ashland Oil Inc. (workers)                        | E. Canton, OH     | 11/21/86      | 11/13/86         | TA-W-18,684  | Petroleum products.                  |

[FR Doc. 86-27059 Filed 12-1-86; 8:45 am]

BILLING CODE 4510-30-M

**NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES****Agency Information Collection Activities Under OMB Review****AGENCY:** National Endowment for the Humanities.**ACTION:** Notice.**SUMMARY:** The National Endowment for the Humanities (NEH) has sent to the Office of Management and Budget (OMB) the following proposals for the collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).**DATES:** Comments on this information collection must be submitted on or before January 2, 1987.**ADDRESSES:** Send comments to Ms. Ingrid Foreman, Management Assistant, National Endowment for the Humanities, Administrative Services Office, Room 202, 1100 Pennsylvania Avenue, NW., Washington, DC 20506 (202-786-0233) and Ms. Judy McIntosh, Office of Management and Budget, New Executive Office Building, 726 Jackson Place, NW., Room 3208, Washington, DC 20503 (202-395-6880).**FOR FURTHER INFORMATION CONTACT:** Ms. Ingrid Foreman, National Endowment for the Humanities, Administrative Services Office, Room

202, 1100 Pennsylvania Avenue, NW., Washington, DC 20506 (202-786-0233) from whom copies of forms and supporting documents are available.

**SUPPLEMENTARY INFORMATION:** All of the entries are grouped into new forms, revisions, or extensions. Each entry is issued by NEH and contains the following information: (1) The title of the form; (2) the agency form number, if applicable; (3) how often the form must be filled out; (4) who will be required or asked to report; (5) what form will be used for; (6) an estimate of the number of responses; (7) an estimate of the total number of hours needed to fill out the form. None of these entries are subject to 44 U.S.C. 3504(h).**Category: Revisions****Title:** Applications and Instruction Forms for the Humanities, Science and Technology Category.**Form Number:** Not applicable.**Frequency of Collection:** Annual.**Respondents:** Humanities researchers and institutions.**Use:** Application for funding.**Estimated Number of Respondents:** 52.**Estimated Hours for Respondents to Provide Information:** 52 per respondent.**Susan Metts,****Director of Administration.**

[FR Doc. 86-27044 Filed 12-1-86; 8:45 am]

BILLING CODE 7536-01-M

**NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES****Conservation Project Support Program; Grant Application****AGENCY:** Institute of Museum Services, NFAH.**ACTION:** Conservation project support grant application notice and priorities for fiscal year 1987.

This grant application announcement applies only to the Conservation Project Support Program awards under 45 CFR Part 1180 for Fiscal Year 1987.

**Nature of program:** IMS makes awards under the CP program to museums to maintain, increase, or improve museum services. The purpose of these awards is to ease the financial burden borne by museums as a result of their increased use by the public and to help them carry out their educational role, as well as other functions. Section 206 of the Museum Services Act, Title II of Pub. L. 94-462, as amended, contains authority for this program. (20 U.S.C. 965)**Deadline date for transmittal of applications:** An application for a new grant must be mailed or hand-delivered by Friday, January 30, 1987.**Applications delivered by mail:** An application sent by mail must be addressed to the Institute of Museum Services, 1100 Pennsylvania Avenue NW., Room 609, Washington, DC 20506.

An applicant must be prepared to show one of the following as proof of timely mailing:



(1) A legibly dated U.S. Postal Service postmark.

(2) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.

(3) A dated shipping label, invoice, or receipt from a commercial carrier.

(4) Any other dated proof of mailing acceptable to the Director of IMS.

If any application is mailed through the U.S. Postal Service, the Director does not accept either of the following as proof of mailing: (1) A private metered postmark; or (2) a mail receipt that is not date-cancelled by the U.S. Postal Service.

*Applications delivered by hand:* An application that is hand-delivered must be taken to the Institute of Museum Services, Old Post Office Building, 1100 Pennsylvania Avenue NW., Room 609, Washington, DC 20506.

IMS will accept a hand-delivered application between 9:00 a.m. and 4:30 p.m. (Washington, DC time) daily, except Saturdays, Sundays, and Federal holidays.

An application that is hand-delivered will not be accepted after 4:30 p.m. on the deadline date.

*Program information:* Program information is contained in the following: final regulations published June 17, 1983 in *Federal Register* Vol. 48, no. 118, pages 27727-27734; amendments published on April 10, 1984 *Federal Register* Vol. 49, no. 70, pages 14108-14111 and on June 15, 1984 *Federal Register* Vol. 49, no. 117, pages 24731-24733; notice of proposed rulemaking published on October 5, 1984 *Federal Register* Vol. 49, No. 195, pages 39346-39349; final guidelines and standards published July 5, 1985 in *Federal Register* Vol. 50, no. 129, pages 27584-27589; the Application forms and accompanying instructions in the Application Packet; and for a document relating to Final Regulations published on this program see rule published elsewhere in this issue.

*Available funds:* \$3,400,000. IMS normally makes conservation grants of no more than \$25,000 in Federal funds. Unless otherwise provided by law, if the Director determines that exceptional circumstances warrant, the Director, with the advice of the Board, may award a conservation grant which obligates in excess of \$25,000 in Federal funds. The Director may make such a determination with respect to a category of conservation grants by notice published in the *Federal Register*. IMS awards Conservation grants only on a matching basis. This means that at least 50% of the costs of a conservation project must be met from non-federal funds. (See 45 CFR 1180.16(b)).

*Application forms:* IMS is mailing application forms and program information in a CP Application Packet to museums and other institutions on its mailing list. Applicants may obtain Application Packets by writing or telephoning the Institute of Museum Services, 1100 Pennsylvania Avenue, NW., Room 609, Washington, DC 20506, (202/786-0539).

*Funding priorities for grants:* The National Museum Services Board, by notice published in the *Federal Register*, may establish priorities among the types of projects specified in paragraph (e) of this section. If the Board establishes one or more types of projects as a priority for a fiscal year, applications proposing projects of that type (or types) are evaluated and ranked, and (if recommended for funding) approved before applications proposing other types of projects. In addition to this change, the Institute of Museum Services announces a change in the direction of the Conservation Project Support program in which funding priorities for four categories of collections have been established. The intent of the change is to encourage museums to address long-term collection care issues and to establish conservation priorities within each institution.

All appropriate projects will be considered. Model or pilot projects which do not appear to fit into the outlined funding priorities but which will benefit broad categories of collections or museums are encouraged, however applicants must discuss the project with Program Office staff prior to applying. Applicants are encouraged to contact the IMS Program Office at the earliest possible date to discuss all prospective projects.

The funding priorities for types of projects within each of the four categories of collections, and the required supporting materials are:

*Non-living collections*—This category includes collections usually found in art, history, children's and general museums, historic houses and sites, and science/technology centers.

*Priority 1. Survey of collections and environmental conditions, including development of long-range conservation plans.*

*Priority 2. Provision, insofar as practicable, of optimum environmental conditions.*

*Priority 3. Training of museum staff in conservation.*

*Priority 4. Research for improved conservation techniques.*

*Priority 5. Treatment of museum collections.*

*Systematics/Natural History Collections*—These collections are those normally found in natural history museums and in some general museums, zoos, botanical gardens and arboreta, nature centers, and science/technology centers.

*Priority 1. Training of museum staff in conservation, including education of museum staff in the need for conservation practices.*

*Priority 2. Research in improved conservation techniques, including the identification of agents of deterioration.*

*Priority 3. Survey of collections and environmental conditions, including development of long-range conservation plans.*

*Priority 4. Provision, insofar as practicable, of optimum environmental conditions.*

*Priority 5. Treatment of museum collections.*

*Living Collections/Animals*—These collections are normally found in zoos, aquariums, and nature centers. Species survival activities are normally submitted as research projects. Since the proper care for living collections/animals requires accurate knowledge of the health of the individuals and treatment as necessary for ongoing general operations, projects for survey and treatment of animal collections normally will not be considered for IMS Conservation Project Support.

*Priority 1. Research for improved conservation techniques.*

*Priority 2. Provision, insofar as practicable, of optimum environmental conditions to enhance husbandry of captive animal collections.*

*Priority 3. Training of museum staff in conservation.*

*Living Collections/Plants*—These collections are normally found in botanical gardens, arboreta, and nature centers.

*Priority 1. Survey of collections and environmental conditions.*

*Priority 2. Treatment of museum collections.*

*Priority 3. Provision, insofar as practicable, of optimum environmental conditions for enhanced perpetuation of the collection.*

*Priority 4. Training of museum staff in conservation.*

*Priority 5. Research for improved conservation techniques.*

*Applicable regulations:* Final regulations for the Conservation Project Support grant program were published in the *Federal Register* on June 17, 1983, FR Vol. 48, No. 118, pages 27727-27734. Amendments to those regulations were published in the *Federal Register* on April 10, 1984, FR Vol. 49, No. 70, pages



14108-14111 and on October 5, 1984, FR Vol. 49, No. 195, pages 39346-39349, on June 15, 1985, FR Vol. 49, No. 117 pages 24731-24733; and for a document relating to Final Regulations published on this program, see rule published elsewhere in this issue.

The regulations as amended implement the Museum Services Act. The amendments make technical and other changes in the eligibility conditions and other terms for the administration of the Conservation Project Support Program and remove unneeded provisions. As revised the regulations published on June 17, 1983 will apply to the award of grants for Fiscal Year 1987.

*Further information:* For further information contact Theresa Michel, Public Affairs Officer, Institute of Museum Services, 1100 Pennsylvania Avenue NW., Washington, DC 20506, Telephone: (202) 786-0536.

(Catalogue of Federal Domestic Assistance No. 45.301 Institute of Museum Services)

Dated: November 24, 1986.

Lois Burke Shepard,

Director, Institute of Museum Services.

[FR Doc. 86-26813 Filed 12-1-86; 8:45 am]

BILLING CODE 7036-01-M

## NUCLEAR REGULATORY COMMISSION

### Memorandum of Understanding (MOU) Between NRC and the Commonwealth of Pennsylvania

**AGENCY:** Nuclear Regulatory Commission.

**ACTION:** Publication of Memorandum of Understanding (MOU) between NRC and the Commonwealth of Pennsylvania.

**SUMMARY:** Section 274i. of the Atomic Energy Act of 1954, as amended, allows the Commission to enter into agreements with the States "to perform inspections or other functions on a cooperative basis as the Commission deems appropriate." Section 274i. MOUs differ from agreements entered into between NRC and a State under the "Agreement State" program; the latter is accomplished only by entering into an agreement under section 274b. of the Atomic Energy Act. A 274i. MOU can be entered into by a State whether or not it has a 274b. agreement.

This MOU, signed by the NRC and the Commonwealth of Pennsylvania, provides principles of cooperation between the State and NRC in areas of interest to the Commonwealth.

The MOU provides the basis for detailed subagreements in areas such as

transportation regulation at a low-level disposal site, low-level waste packaging and shipping inspections, confirmatory environmental monitoring and emergency information exchange.

Under the MOU, the State and NRC have committed to consult regularly and cooperate in devising procedures to minimize duplication of effort and avoid delays in decisionmaking.

Broad agreements such as this have been entered into by other States in the past—Washington (9/78), Oregon (1/80), Indiana (11/78), New York (3/78), and Illinois (4/84). The Memorandum of Understanding between the Commonwealth of Pennsylvania and the Nuclear Regulatory Commission is printed in its entirety below.

**FOR FURTHER INFORMATION CONTACT:** Paul H. Lohaus, State Liaison Officer, Region I, NRC, 631 Park Avenue, King of Prussia, PA 19406, Telephone (215) 337-5246.

Dated at King of Prussia, PA this 19th day of November 1986.

For the Nuclear Regulatory Commission,  
**Thomas E. Murley,**

Regional Administrator, Region I.

### Memorandum of Understanding Commonwealth of Pennsylvania and the U.S. Nuclear Regulatory Commission

This Memorandum of Understanding between the Commonwealth of Pennsylvania (hereafter "Commonwealth") and the U.S. Nuclear Regulatory Commission (hereafter "NRC") expresses the desire of the parties to cooperate in the regulation of nuclear activities; it sets forth mutually agreeable principles of cooperation between the Commonwealth and NRC in areas subject to the jurisdiction of the Commonwealth or the NRC or both. This Memorandum is intended to provide the basis of subsequent detailed subagreements between the parties.

Close cooperation between the signatories will help assure that the goals and policies of Commonwealth and Federal law will be carried out efficiently and expeditiously without diminishing the responsibilities or authorities of either party.

With the execution of the Memorandum, the Commonwealth and NRC agree to consult regularly and to cooperate in exploring and devising appropriate procedures to minimize duplication of effort to the extent permitted by Commonwealth and Federal law, to avoid delays in decisionmaking, and to ensure the exchange of information that is needed to make the most effective use of the resources of the Commonwealth and the NRC in order to accomplish the purpose of both parties.

#### Principles of Cooperation

1. Toward these goals, the State and NRC agree to explore together the development of detailed subagreements in areas of mutual concern including, but not necessarily limited to, transportation regulation, at a low-level waste disposal site, low-level waste packaging and shipping inspections,

confirmatory environmental monitoring and emergency information exchange.

2. Subagreements under this Memorandum may provide for activities to be performed by either party under mutually acceptable guidelines and criteria which assure that the needs of both are met. For activities performed by one party at the request of the other party under specific subagreements to this Memorandum, either party may explore means by which compensation can be made available to the other party or by which the costs may be shared by the parties.

3. NRC agrees to explore with the Commonwealth the possibility of sharing with the Commonwealth proprietary and other information in NRC's possession that is exempt from mandatory public disclosure.

4. Nothing in this Memorandum is intended to restrict or extend the constitutional or statutory authority of either NRC or the Commonwealth or to affect or vary the terms of a future agreement between the Commonwealth and the NRC under section 274b. of the Atomic Energy Act of 1954, as amended.

5. The principal NRC contact under this Memorandum shall be the Director of the Office of State Programs. The principal Commonwealth contact shall be the Director of the Pennsylvania Bureau of Radiation Protection or his or her designee. Subagreements will name appropriate individuals, agencies or offices as contacts.

6. This Memorandum shall take effect upon signing by the Governor of the Commonwealth of Pennsylvania and the Chairman of the Nuclear Regulatory Commission, and may be terminated by either party upon 30 days of written notice.

For the Commonwealth of Pennsylvania.

Dated at Harrisburg, Pa. This 4th day of November, 1986.

Dick Thornburgh,  
Governor.

For The United States Nuclear Regulatory Commission.

Dated at Washington, DC. This 27th day of June.

Nunzio J. Palladino,  
Chairman.

[FR Doc. 86-27082 Filed 12-1-86; 8:45 am]

BILLING CODE 7590-01-M

## OFFICE OF MANAGEMENT AND BUDGET

### Revision of OMB Circular A-21, "Cost Principles for Educational Institutions"

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice of revision to OMB Circular A-21, "cost principles for educational institutions".

**SUMMARY:** This notice revises the fixed allowance for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research



established in the previous revision to OMB Circular A-21, published in the June 9, 1986, *Federal Register*.

**SUPPLEMENTARY INFORMATION:**

**Background**

The June 9th revision to OMB Circular A-21 established a fixed allowance of 3 percent of modified total direct costs for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research. In establishing the rate, OMB indicated its willingness to consider an adjustment to the rate if and when additional data became available.

**Revision of OMB Circular A-21**

Based on such additional data, OMB Circular A-21 is being revised to reflect a fixed allowance of 3.6 percent of modified total direct cost for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research. No documentation will be required to support this fixed allowance. In addition, the language describing the scope of the fixed allowance is being clarified.

The June 9, 1986, revision to section F.5.a., Sponsored Projects Administration, is not amended by this revision.

**Implementation**

This revision is effective July 1, 1987. Federal agencies may elect to implement the 3.6 percent fixed allowance prior to this date. Universities and other institutions affected by this revision are expected to adjust their financial plans accordingly.

To The Heads of Executive Departments and Establishments

Subject: Cost Principles for Educational Institutions

This transmittal memorandum revises OMB Circular No. A-21, "Cost Principles for Educational Institutions," as revised on June 9, 1986, to update the fixed allowance for the administrative efforts of faculty, department heads, and certain professional personnel relating to federally-sponsored research, and to clarify the scope of the fixed allowance.

Effective on grants and contracts awarded on or after July 1, 1987, Circular A-21 is revised as follows:

*Departmental Administration Expenses.*

Revise F.4.a.(2)(a): (2) Academic departments (a) Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty

(including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs. This category does not include professional business or professional administrative officers. This allowance shall be added to the computation of the indirect cost rate for major functions in section G; the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

*General Administration and General Expenses*

Replace the last sentence in F.3.a. (as revised on June 9, 1986), with the following: General administration and general expenses shall not include expenses incurred within non-university-wide deans' offices, academic departments, organized research units, or similar organizational units. (See section F.4., departmental administration expenses.)

Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

Federal agencies are authorized to implement these changes earlier if they choose.

James C. Miller III,

Director.

[FR Doc. 86-27011 Filed 12-1-86; 8:45 am]

BILLING CODE 3110-01-M

**PROSPECTIVE PAYMENT ASSESSMENT COMMISSION**

**Meetings**

Notice is hereby given of meetings of the prospective payment assessment commission on December 16-17, 1986 at the Shoreham Hotel, 2500 Calvert Street, NW., Washington, DC.

The Subcommittee on Diagnostic and Therapeutic practices will meet in the Hampton Room at 9 o'clock a.m. on December 16, 1986. The subcommittee on hospital productivity and cost-effectiveness will meet in the Executive Room at 9 o'clock a.m. on December 16, 1986.

The full commission will convene at 2 o'clock p.m. December 16, 1986 and at 9:15 a.m. December 17, 1986. Both Sessions will take place in the Hampton Room.

All meetings are open to the public.  
Donald A. Young,  
Executive Director.  
[FR Doc. 86-27102 Filed 12-02-86; 8:45 am]  
BILLING CODE 6820-BW-M

**SMALL BUSINESS ADMINISTRATION**

[License No. 09/09-5370]

**Astar Capital Corp.; Issuance of a Small Business Investment Company License**

On August 6, a notice was published in the *Federal Register* (Vol. 51, No. 151) stating that an application has been filed by Astar Capital Corporation, with the Small Business Administration (SBA) pursuant to § 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1986)) for a license as a small business investment company.

Interested parties were given until close of business September 6, 1986, to submit their comments to SBA. No comments were received.

Notice is hereby given that, pursuant to section 301(d) of the Small Business Investment Act of 1959, as amended, after having considered the application and all other pertinent information, SBA issued License No. 09/09-5370 on November 6, 1986, to Astar Capital Corporation to operate as a small business investment company.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: November 24, 1986.

Robert G. Lineberry,

Deputy Associate Administrator for Investment.

[FR Doc. 86-26991 Filed 12-1-86; 8:45 am]

BILLING CODE 8025-01-M

[Application No. 03/03-0181]

**Meridian Venture Partners; Application for a License to Operate as a Small Business Investment Company**

Notice is hereby given of the filing of an application with the Small Business Administration (SBA), pursuant to § 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1986)), by Meridian Venture Partners (the Applicant), Suite 220, The Fidelity Court Building, 259 Radnor-Chester Road, Radnor, PA 19087, for a license to operate as a limited partnership small business investment company (SBIC) under the provisions of the Small Business



Investment Act of 1958, as amended (the Act), (15 U.S.C. 661 *et seq.*), and the Rules and Regulations promulgated thereunder.

The general partners, limited partners, and management company of the Applicant are as follows:

| Name   | Title or relationship   |
|--|-------------------------|
| George P. Keeley, c/o The Fidelity Court Bldg., 259 Radnor-Chester Road, Radnor, PA 19087.               | General Partner (1).    |
| Raymond R. Rafferty, Jr., c/o The Fidelity Court Bldg., 259 Radnor-Chester Road, Radnor, PA 19087.       | General Partner (1).    |
| Robert E. Brown, Jr., c/o The Fidelity Court Bldg., 259 Radnor-Chester Road, Radnor, PA 19087.           | General Partner (1).    |
| John J. Serrell, c/o The Fidelity Court Bldg., 259 Radnor-Chester Road, Radnor, PA 19087.                | General Partner (1).    |
| Meridian Bancorp. Inc., 35 N. 6th Street, Reading, PA 19601.   | Limited Partner (2)(4). |
| Philadelphia Board of Pensions & Retirement, c/o 1212 Two Penn Center Plaza, Philadelphia, PA 19102.     | Limited Partner (3)(4). |
| Venture Investment Management Inc., The Fidelity Court Bldg., 259 Radnor-Chester Road, Radnor, PA 19087. | Management Company (1). |

(1) The General Partners collectively will contribute 1% of the partnership capital. They will own 100% of the management company.

(2) Meridian Bancorp. Inc. (MDI) will contribute 57.143% of the partnership capital. MDI is the fifth largest bankholding company in Pennsylvania. No person owns directly or indirectly 10% or more of MDI.

(3) Philadelphia Board of Pensions and Retirement (PBP&R) will contribute 14.286% of the partnership capital. PBP&R is the pension fund for the employees of the City of Philadelphia.

(4) MDI and PBP&R will be the only 10 percent owners of the Applicant.

The Applicant, a limited partnership organized under the provisions of the Pennsylvania Uniform Limited Partnership Act, will begin operations with approximately \$3,000,000 of paid-in capital and paid-in surplus. The Applicant will conduct its activities in the Commonwealth of Pennsylvania and the States of New Jersey, Maryland, Delaware, Ohio, Virginia and New York and will consider investments in businesses in other areas of the United States.

Matters involved in SBA's consideration of the application include the general business reputation and character of the general partners and the probability of successful operations of the Applicant under their management including adequate profitability and financial soundness in accordance with the Act and the SBA Rules and Regulations.

Notice is further given that any person may, not later than 30 days from the date of publication of this Notice, submit written comments on the proposed SBIC to the Deputy Associate Administrator for Investment, Small Business Administration, 1441 L Street, NW., Washington, DC 20416.

A copy of this Notice will be published in a newspaper of general circulation in the Philadelphia, Pennsylvania area.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: November 21, 1986.

**Robert G. Lineberry,**

*Deputy Associate Administrator for Investment.*

[FR Doc. 86-26992 Filed 12-1-86; 8:45 am]

BILLING CODE 8025-01-M

## DEPARTMENT OF TRANSPORTATION

[Order 86-11-56]

### Department Findings in United Air Lines Employee Protection Program Investigation

**AGENCY:** Department of Transportation.

**ACTION:** Notice of order finding major contractions at United Air Lines.

**SUMMARY:** The Department of Transportation has found that United Air Lines experienced major contractions in employment levels during July and August 1982. The Department's findings correct omissions made in a previous CAB Order (Order 84-4-7, 49 FR (14412), April 11, 1984).

The findings are part of the Department's investigation to make threshold determinations regarding assistance for airline employees under the Employee Protection Program, section 43 of the Airline Deregulation Act, 49 U.S.C. 1552.

**FOR FURTHER INFORMATION CONTACT:** Stephen A. Metoyer, Office of the General Counsel (C-10, Room 10102), U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366-9154.

**SUPPLEMENTARY INFORMATION:** The complete text of Order 86-11-56 is available for inspection from our Documentary Services Division at the above address.

**DATED:** November 24, 1986.

**Matthew V. Scocozza,**

*Assistant Secretary for Policy and International Affairs.*

[FR Doc. 86-27093 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-62-M

## Federal Aviation Administration

[Summary Notice No. PE-86-21]

### Petition for Exemption, Summary of Petitions Received; Dispositions of Petitions Issued

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of petitions for exemption received and of dispositions of prior petitions.

**SUMMARY:** Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

**DATE:** Comments on petitions received must identify the petition docket number involved and must be received on or before: December 22, 1986.

**ADDRESS:** Send comments on any petition in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-204), Petition Docket No. \_\_\_\_\_, 800 Independence Avenue, SW., Washington, DC 20591.

**FOR FURTHER INFORMATION CONTACT:** The petition, any comments received, and a copy of any final disposition are filed in the assigned regulatory docket and are available for examination in the Rules Docket (AGC-204), Room 915G, FAA Headquarters Building (FOB 10A), 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267-3132.

This notice is published pursuant to paragraphs (c), (e), and (g) of § 11.27 of Part 11 of the Federal Aviation Regulations (14 CFR Part 11).

Issued in Washington, DC, on November 26, 1986.

**John H. Cassady,**

*Assistant Chief Counsel, Regulations and Enforcement Division.*



## PETITIONS FOR EXEMPTION

| Docket No. | Petitioner  | Regulations affected                        | Description of relief sought  |
|------------|---|---|---|
| 25104      | CFI, Inc.   | 14 CFR 43.3(g)                              | To allow petitioner's pilots to change the seating configuration in its Mitsubishi MU-2 and Cessna 414A aircraft.   |
| 25091      | Garrett Turbine Engine Company                      | 14 CFR 21.325(b)                            | To allow petitioner to obtain export airworthiness approvals for its turbopropeller engines, model TPE331-12B, which will be assembled and tested at the Rolls Royce facility in East Kilbride, Scotland.   |
| 24006      | Volpar, Inc.  | 14 CFR 21.19(b)(1)                          | To allow petitioner to modify its Boeing 727-200 aircraft from its present three-engine configuration to a two-engine configuration utilizing the General Electric CM56 engine.   |
| 25090      | Chaparral Airlines, Inc., d.b.a. American Eagle     | 14 CFR Parts 121 and 135                    | To allow petitioner to train its pilots utilizing only one training program as a Part 121 carrier.  |
| 25081      | Helicopter Association International                | 14 CFR 61.197(c)                            | To allow the attendees of petitioner's 1985 flight instructor course a 30-day extension of their certificates so that these certificates do not expire prior to the February 1987 flight instructor course.   |
| 25006      | Kenai Air of Hawaii, Inc.                           | 14 CFR 27.1301(d)                           | To allow petitioner to utilize a single-engine minimum equipment list for its Bell 206 series helicopter.   |
| 23477      | Experimental Aircraft Association                   | 14 CFR 103.1(a), and (e)(1) and (4)         | Extension of Exemption No. 3784 to allow petitioner to operate two-place ultralights for the purpose of flight instruction.   |
| 25061      | Airborne Express, Inc.                              | 14 CFR Part 121, Appendix E                 | To allow petitioner to fulfill the night takeoff requirements for initial training during initial operating experience, which, because of petitioner's normal operations, is conducted at night.  |
| 25114      | Dale D. Spath                                       | 14 CFR 65.79                                | To allow the petitioner to fulfill the practical test required for a mechanic rating by supervising another person performing the actual repairs.   |
| 23392      | Beaver Aviation Service, Inc.                       | 14 CFR 141.91(a)                            | Extension of Exemption No. 3692 to allow petitioner to conduct flight training at a location more than 25 miles from its main base of operation.  |
| 10632      | Rocky Mountain Airways, Inc.                        | 14 CFR 135.181(a)(2)                        | Amendment of Exemption No. 1233 to allow petitioner to extend to its Alamosa, Colorado, route the use of en route drift down procedures and operations as granted by Exemption No. 1233.  |
| 25112      | Department of Energy                                | 14 CFR 91.73(a)                             | To permit petitioner to conduct certain defense training operations in helicopters without operating position lights.   |
| 010NM      | Boeing Commercial                                   | 14 CFRs 25.783(g) and 25.809(f), 25.813(b)  | To permit type certification of the B-757-200PF airplane configured with five noncrewmembers seats while not complying with the requirements.   |
| 030CE      | Mooney Aircraft Corp.                               | 14 CFR 23.991(a)(1)                         | To allow installation of the Porsche PFM3200No3 engine in the M20L airplane, with two identical electric-drive fuel pumps for the fuel injection system rather than a fuel pump directly driven by the engine.  |
| 25057      | Sundstrand Data Control, Inc.                       | 14 CFR 19.7                                 | To allow a military pilot to occupy a pilot seat replacing the second in command on petitioner's Westwind IA1 1124 airplane for the purpose of demonstrating petitioner's ground proximity warning system to military personnel who will be evaluating the system. <i>Granted, October 31, 1986.</i>  |
| 25023      | Stunt Wings   | 14 CFR 103.1(b)                             | To allow motion picture pilots of petitioner to operate ultralight vehicles over congested areas for purposes other than sport or recreation. <i>Denied, October 31, 1986.</i>  |
| 23176      | Tenneco, Inc.                                       | 14 CFR 91.169(a)                            | Extension of Exemption No. 3691 to allow petitioner and its related companies to utilize the continuous inspection program under § 91.169(e) for its turbine-engine-powered Bell 206B and Bell 206/C/S series helicopters. <i>Granted, November 3, 1986.</i>  |
| 17145      | United Airlines                                     | 14 CFR 121.665 and 121.687(a)               | Extension of Exemption No. 2466 to allow petitioner to use computerized load manifests which bear the printed name and position of the person responsible for loading the aircraft. <i>Granted, October 31, 1986.</i>   |
| 24623      | Apollo Airways, Inc., d.b.a. Pacific Coast Airlines | 14 CFR 135.89(b)(1) and 135.157 (b) and (c) | To allow petitioner to comply with the oxygen requirements of Part 121 in place of the oxygen requirements of Part 135 when operating its Handley Page HP-137 Jetstream MK.1 aircraft at altitudes up to and including 25,000 feet mean sea level. <i>Denied, October 21, 1986.</i>   |
| 22451      | People Express Airlines, Inc.                       | 14 CFR 121.613, 121.619, and 121-625        | Extension of Exemption No. 3585 to allow petitioner and similarly situated Part 121 certificate holders to: (1) dispatch an airplane, under IFR, to a destination airport; and (2) list an alternate airport for that destination airport when the weather forecasts for either one or both of those airports indicate by the use of conditional words such as "briefly," "intermittently," or a chance of " that the weather could be below minimums at the time of arrival. <i>Granted, October 24, 1986.</i> |
| 24188      | NPC Leasing Corp.                                   | 14 CFR § 91.307                             | To amend Exemption No. 4080 to change the operator's name from Sharon Steel to NPC Leasing. The present exemption allows operation in the United States, under a service to small communities exemption, of specified two-engine airplanes, identified by registration and serial number, that have not been shown to comply with the applicable operating noise limits as follows: Until not later than January 1, 1988: 1 BAC 1-11 aircraft. <i>Granted October 24, 1986.</i>                                 |
| 011NM      | Boeing Commercial Airplane Co.                      | 14 CFR § 25.785(h)                          | To permit the installation of one required flight attendant seat in the Mid-Cabin cross aisle area between the two non-floor level type III overwing exits in a Model 767-300 airplane. <i>Granted November 3, 1986.</i>  |
| 25016      | Air National Guard (ANG)                            | 14 CFR 91.70(a)(b)                          | To permit Air Force low level high speed operational readiness evaluations, inspections at the ANG training site. <i>To be handled outside the exemption process.</i>   |

[FR Doc. 86-26978 Filed 12-1-86; 8:45 am]

BILLING CODE 4910-13-M



**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**Commissioner's Advisory Group;  
Amendment to Meeting Agenda**

This amends the previously published meeting agenda which appeared in the Federal Register for Wednesday, November 26, 1986 (51 FR 42967) by adding the topic of *Interviewing Taxpayers During Examinations*. This topic will be discussed on the first day of the meeting (Wednesday, December 10) after "Report on Follow-Up Items from September Meeting" and before "Update on Tax Reform."

**FOR FURTHER INFORMATION CONTACT:**  
Robert F. Hilgen, Acting Executive  
Secretary, (202) 566-4143 (Not toll-free).  
Lawrence B. Gibbs,  
Commissioner.

[FR Doc. 86-27047 Filed 12-1-86; 8:45 am]

BILLING CODE 4830-01-M



# Sunshine Act Meetings

Federal Register

Vol. 51, No. 231

Tuesday, December 2, 1986

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

## CONSUMER PRODUCT SAFETY COMMISSION

**TIME AND DATE:** 10:00 a.m., Tuesday, December 2, 1986.

**LOCATION:** Room 456, Westwood Towers, 5401 Westbard Avenue, Bethesda, Md.

### STATUS:

### MATTERS TO BE CONSIDERED:

#### Open to the Public

#### 1. General Policy Statement

The Commission will consider a proposed Statement of General Policy concerning the structure and workings of the Commission staff and the flow of information within the Agency.

#### 2. FY '87 Operating Plan

The Commission will consider the 1987 Operating Plan.

#### Closed to the Public

#### 3. Enforcement Matter OS #5168

The staff will continue to brief the Commission on Enforcement Matter OS #5168.

**FOR A RECORDED MESSAGE CONTAINING THE LATEST AGENDA INFORMATION, CALL:** 301-492-5709.

### CONTACT PERSON FOR ADDITIONAL

**INFORMATION:** Sheldon D. Butts, Office of the Secretary, 5401 Westbard Ave., Bethesda, Md. 20207, 301-492-6800.

Sheldon D. Butts,

Deputy Secretary.

November 26, 1986.

[FR Doc. 86-27098 Filed 11-28-86; 9:16 am]

BILLING CODE 6355-01-M

## FEDERAL ENERGY REGULATORY COMMISSION

November 26, 1986.

The following notice of meeting is published pursuant to section 3(a) of the Government in the Sunshine Act (Pub. L. No. 94-409), 5 U.S.C. 552B:

**AGENCY HOLDING MEETING:** Federal Energy Regulatory Commission.

**TIME AND DATE:** 10:00 a.m., December 3, 1986.

**PLACE:** 825 North Capitol Street NE., Room 9306, Washington, DC 20426.

**STATUS:** Open.

**MATTERS TO BE CONSIDERED:** Agenda.

\*Note.—Items listed on the agenda may be deleted without further notice.

### CONTACT PERSON FOR MORE

**INFORMATION:** Kenneth F. Plumb, Secretary, Telephone (202) 357-8400.

This is a list of matters to be considered by the Commission. It does not include a listing of all papers relevant to the items on the agenda; however, all public documents may be examined in the division of public information.

**Consent Power Agenda, 847th Meeting—December 3, 1986, Regular Meeting (10:00 a.m.)**

#### CAP-1.

Project Nos. 77-016 and 017, Pacific Gas and Electric Company

#### CAP-2.

Project No. 2959-011, city of Seattle, Washington

#### CAP-3.

Project No. 6329-002, Intermountain Power Corporation

#### CAP-4.

Project No. 6687-001, El Dorado Irrigation District

#### CAP-5.

Docket No. EL85-23-000, John M. Jordan

#### CAP-6.

Docket No. ER86-106-002, Idaho Power Company

Docket No. ER86-570-000 and 001, the Washington Water Power Company

#### CAP-7.

Docket No. ER86-626-001, Louisiana Power & Light Company

#### CAP-8.

Docket No. ER87-34-000, Metropolitan Edison Company

#### CAP-9.

Docket Nos. ER86-368-001, ER86-638-001 and ER86-709-000, El Paso Electric Company

#### CAP-10.

Docket No. ER86-643-001, Arkansas Power and Light Company

#### CAP-11.

Docket No. ER86-558-007, Gulf States Utilities Company

#### CAP-12.

Docket Nos. E-7631-008, E-7633-000 and E-7713-000, city of Cleveland, Ohio v. the Cleveland Electric Illuminating Company

#### CAP-13.

Docket No. EL85-47-000, John J. Byrne

#### CAP-14.

Docket Nos. ER82-448-000, ER82-715-000, ER83-44-000, ER83-45-000, ER83-46-000, ER83-187-000, ER 83-334-000, ER83-541-000, ER86-567-000, ER83-706-000, ER84-40-000, ER84-198-000, ER84-305-000, ER84-505-000 and ER85-41-000, Puget Sound Power & Light Company

#### CAP-15.

Docket No. EL86-11-001, Delmarva Power and Light Company

#### CAP-16.

Docket No. ER86-368-001, El Paso Electric Company

### Consent Miscellaneous Agenda

#### CAM-1.

Docket No. FA84-13-001, Canal Electric Company

#### CAM-2.

Docket No. FA85-34-001, Stringray Pipeline Company

#### CAM-3.

Docket No. RM79-27-000, petition for rulemaking in the matter of determinations, whether wells drilled in more than 500-foot water depth should be determined to be "high cost gas" under section 107(c)(5) of the natural gas policy of 1988

Docket No. RM80-12-000, new, onshore production wells; proposed rulemaking amending final regulations implementing the Natural Gas Policy Act of 1978

Docket No. RM80-38-000, high-cost natural gas produced from wells drilled in deep waters

Docket No. RM81-30-000, petition for rulemaking to restrain prices for deregulated gas

Docket No. RM81-35-000, petition for rulemaking for implementation of the Commission's rulemaking authority to require filing of contracts under section 315(c) of the Natural Gas Policy Act

Docket No. RM82-1-000, petition for rulemaking to establish revised policies under the Natural Gas Policy Act respecting the purchase and use of gas

Docket No. RM82-8-000, high cost natural gas produced from intermediate deep drilling

Docket No. RM82-17-000, petition for rulemaking to investigate and establish rules mitigating market distortions under the Natural Gas Policy Act

Docket No. RM82-19-000, petition to institute a proceeding, pursuant to the Natural Gas Policy Act, sections 104(b) and 106(c), to increase the price of flowing interstate natural gas

Docket No. RM82-20-000, petition for rulemaking to require filing of contracts under section 315(c) of the Natural Gas Policy Act

Docket No. RM82-26-000, impact of the Natural Gas Policy Act on current and projected natural gas markets

Docket No. RM82-32-000, limitation on incentive prices for high-cost gas to commodity values

Docket No. RM82-33-000, comments in opposition to proposed rulemaking in the matter of high-cost produced from tight formations, Docket No. RM79-76 (Ohio-2)

Docket No. RM83-46-000, petition for rulemaking in the matter of take-or-pay clauses in producer/pipeline contracts



Docket No. RM84-7-000, impact of special marketing programs and natural gas companies and consumers  
 Docket No. RM84-13-000, petition for rulemaking on the effect of price escalator clauses  
 Docket No. RM84-17-000, petition for rulemaking in the matter of reformation of take-or-pay clauses

CAM-4.  
Omitted

CAM-5.  
Docket No. GP83-12-001, State of Kansas, section 103 NGPA determination, Continental Energy, Stanley No. 1 well (Haskell Company), FERC No. JD81-01760

CAM-6.  
Docket No. GP86-45-000, Placid Oil Company

CAM-7.  
Docket No. GP80-41-035, United Gas Pipe Line Company

CAM-8.  
Docket No. SA85-46-000, Aubrey C. Black

#### Consent Gas Agenda

CAG-1.  
Omitted

CAG-2.  
Docket Nos. RP86-128-000, 001, 002 and 003, Ohio River Pipeline Corporation

CAG-3.  
Docket No. RP86-115-003, Trunkline Gas Company

CAG-4.  
Docket Nos. RP86-116-005 and 000, Panhandle Eastern Pipe Line Company

CAG-5.  
Docket Nos. RP86-168-001 and TC86-21-000, Columbia Gas Transmission Corporation

Docket No. RP86-167-001, Columbia Gulf Transmission Company

CAG-6.  
Docket Nos. RP86-162-002 and CP86-582-001, Natural Gas Pipeline Company of America

CAG-7.  
Docket Nos. RP87-7-001 and 002, Transcontinental Gas Pipeline Corporation

CAG-8.  
Omitted

CAG-9.  
Docket Nos. RP86-155-001, 002, 003 and RP82-114-000, Northwest Central Pipeline Corporation

CAG-10.  
Docket Nos. TA85-3-29-010, 011, 012, TA86-1-29-007, 008, CP85-190-004, 005, TA85-1-29-007, 008, TA86-5-29-008, 009, RP83-137-026 and 027, Transcontinental Gas Pipe Line Corporation

CAG-11.  
Omitted

CAG-12.  
Docket Nos. TA86-2-60-000 and 001, Locust Ridge Gas Company

CAG-13.  
Docket Nos. ST86-1014-000 ST86-1338-000 and ST86-2004-000, Cabot Corporation

CAG-14.  
Docket Nos. RI74-188-088 and RI75-21-083, Independent Oil & Gas Association of West Virginia

CAG-15.

Docket Nos. RI74-188-089 and RI75-21-084, Independent Oil & Gas Association of West Virginia

CAG-16.

Docket Nos. CI86-254-001 and CI86-265-001, Tenneco Oil Company, et al.

CAG-17.

Docket No. CI86-403-000, Sonat Exploration Company

CAG-18.

Docket No. CI86-138-000, Chevron U.S.A., Inc.

Docket No. CI86-295-000, Tenneco Oil Company

CAG-19.

Docket Nos. CP86-108-005, CP86-133-005, CP86-134-005, CP86-136-004 and CP86-137-004, Natural Gas Pipeline Company of America

CAG-20.

Docket No. CP86-316-001, Interstate Power Company

CAG-21.

Docket Nos. CP86-277-002, 003, 004, CP86-368-002, 003 and CP86-610-001, Southern Natural Gas Company

CAG-22.

Docket Nos. CP86-232-004, 005, 006 and 007, Panhandle Eastern Pipe Line Company

CAG-23.

Docket No. CP86-140-000, Texas Gas Transmission Corporation

CAG-24.

Docket No. CP84-429-020, Texas Eastern Transmission Corporation

CAG-25.

Docket No. CP85-912-002, Colorado Interstate Gas Company

CAG-26.

Docket No. CP85-492-000, Transcontinental Gas Pipe Line Corporation and United Gas Pipe Line Company

Docket No. CP85-648-000, Natural Gas Pipeline Company of America

Docket Nos. CP86-236-000 and CP86-237-000, Transcontinental Gas Pipe Line Corporation

CAG-27.

Docket No. CP86-226-000, Kentucky West Virginia Gas Company

CAG-28.

Docket No. CP86-404-001, Texas Eastern Transmission Corporation

#### I. Licensed Project Matters

P-1.

Project No. 9552-000, Deferiet Corporation

P-2.

Project No. 9554-000, Colton Hydro Corporation

P-3.

Project No. 9555-000, Higley Corporation

P-4.

Omitted

P-5.

Project No. 9567-000, Hannawa Corporation

P-6.

Project No. 9556-000, Kamargo Corporation  
 Project No. 9557-000, Black River Hydro Corporation

Project No. 9564-000, Norwood Hydro Corporation

Project No. 9565-000, Raymondville Hydro Corporation

Project No. 9566-000, East Norfolk Hydro Corporation

Project No. 9553-000, School Street Hydro Corporation

Project No. 9563-000, Herrings Hydro Corporation

Project Nos. 2569-000, 2330-000 and 2539-000, Niagara Mohawk Power Corporation

P-7.

Project No. 9558-000, Carry Falls Corporation

Project No. 2060-000, Niagara Mohawk Power Corporation

P-8.

Project No. 9231-001, Scott Paper Company

#### II. Electric Rate Matters

ER-1.

Docket No. ER82-616-029, Systems Energy Resources, Inc.

ER-2.

Docket No. EL86-53-000, Southern Company Services, Inc.

Docket No. EL86-57-000, Gulf States Utilities Company v. Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Southern Company Services, Inc.

ER-3.

(A) Docket No. QF86-555-000, York Canyon Cogeneration Associates

(B) Docket No. QF86-556-000, Sunnyside Cogeneration Associates

ER-4.

Docket No. ER84-574-000, Holyoke Water Power Company and Holyoke Power and Electric Company

#### Miscellaneous Agenda

M-1.

Omitted

M-2.

Reserved

M-3.

Reserved

M-4.

Omitted

M-5.

Docket Nos. RM86-3-003 through 065, ceiling prices; old gas pricing structure

M-6.

Omitted

#### I. Pipeline Rate Matters

RP-1.

Docket Nos. TA85-1-26-004 and 005, Natural Gas Pipeline Company of America

RP-2.

(A) Docket No. RP85-175-000, Transwestern Pipeline Company

(B) Docket No. CP86-276-000, Transwestern Pipeline Company

RP-3.

(A) Docket No. RP85-193-000, North Penn Gas Company

(B) Docket No. CP86-545-000, North Penn Gas Company

RP-4.

(A) Docket Nos. RP85-177-000, RP85-176-000, RP83-35-000, RP81-109-000, RP74-41-000 and TC86-3-000, Texas Eastern Transmission Corporation



(B) Docket Nos. CP86-378-000, CP86-379-000 and CP86-380-000, Texas Eastern Transmission Corporation

RP-5.

Docket No. RP86-110-001, Texas Eastern Transmission Corporation  
 Docket No. RP86-93-000, United Gas Pipe Line Company  
 Docket No. RP85-175-000, Transwestern Pipeline Company  
 Docket No. CP86-585-000, Panhandle Eastern Pipe Line Company  
 Docket No. CP86-586-000, Trunkline Gas Company  
 Docket No. CP86-521-000, Texas Gas Transmission Company  
 Docket No. CP86-578-000 Northwestern Pipeline Corporation  
 Docket No. RP86-105-000, ANR Pipeline Company  
 Docket Nos. CP86-589-000 and RP86-104-000, Colorado Interstate Gas Company  
 Docket Nos. RP85-169-000 and CP86-311-000, Consolidated Gas Transmission Company  
 Docket No. RP86-155-000, Northwest Central Pipeline Corporation  
 Docket No. RP86-97-003, Natural Gas Pipeline Company of America  
 Docket No. RP85-206-000, Northern Natural Gas Company, division of Enron Corporation  
 Docket No. RM85-1-000, Regulation of natural gas pipelines after partial wellhead decontrol (Transcontinental Gas Pipe Line Corporation)  
 Docket No. RP86-134-000, MISC, Inc.

## II. Producer Matters

CI-1.

Reserved

## III. Pipeline Certificate Matters

CP-1.

Docket No. CP86-346-000, Columbia Gas Transmission Corporation

CP-2.

Docket No. CP86-729-000, Consolidated Gas Transmission Corporation  
 Docket No. CP86-92-000, National Fuel Gas supply Corporation  
 Docket No. CP86-543-000, Tennessee Gas Pipeline Company, a division of Tenneco Inc.

**Kenneth F. Plumb,**

*Secretary.*

[FR Doc. 86-27161 Filed 11-28-86; 3:52 pm]

BILLING CODE 6717-01-M

## FEDERAL RESERVE SYSTEM

**TIME AND DATE:** 11:00 a.m., Monday, December 8, 1986.

**PLACE:** Marriner S. Eccles Federal Reserve Board Building, C Street entrance between 20th and 21st Streets, NW., Washington, DC 20551.

**STATUS:** Closed.

### MATTERS TO BE CONSIDERED:

1. Proposed purchase of check equipment within the Federal Reserve System.
2. Proposed changes to the Plans administered under the Federal Reserve System's employee benefits program.
3. Building proposals regarding the Federal Reserve Bank of Atlanta.
4. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.
4. Any items carried forward from a previously announced meeting.

## CONTACT PERSON FOR MORE

**INFORMATION:** Mr. Joseph R. Coyne, Assistant to the Board; (202) 452-3204. You may call (202) 452-3207, beginning at approximately 5 p.m. two business days before this meeting, for a recorded announcement of bank and bank holding company applications scheduled for the meeting.

Dated: November 28, 1986.

**William W. Wiles,**

*Secretary of the Board.*

[FR Doc. 86-27180 Filed 11-28-86; 3:52 pm]

BILLING CODE 6210-01-M

## NATIONAL TRANSPORTATION SAFETY BOARD

**TIME AND DATE:** 9:00 a.m., Tuesday, December 9, 1986.

**PLACE:** NTSB Board Room, Eighth Floor, 800 Independence Avenue, SW., Washington, DC 20594.

**STATUS:** Open.

### MATTERS TO BE CONSIDERED:

1. *Aircraft Accidents:* Simmons Airlines Flight 1746, Alpena, Michigan, March 13, 1986.

**FOR MORE INFORMATION, CONTACT:** Ray Smith (202) 382-6525

**Ray Smith,**

*Federal Register Liaison Officer.*

November 28, 1986.

[FR Doc. 86-27132 Filed 11-28-86; 1:29 pm]

BILLING CODE 7533-01-M



# Corrections

Federal Register

Vol. 51, No. 231

Tuesday, December 2, 1986

This section of the FEDERAL REGISTER contains editorial corrections of previously published Rule, Proposed Rule, and Notice documents. These corrections are prepared by the Office of the Federal Register. Agency-prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

## DEPARTMENT OF AGRICULTURE

Federal Grain Inspection Service

7 CFR Part 810

United States Standards for Barley

### Correction

In proposed rule document 86-26164 beginning on page 41971 in the issue of Thursday, November 20, 1986, make the following correction:

#### § 810.206 [Corrected]

On page 41974, in the second column, in the table in § 810.206, the heading

"Damaged kernels<sup>1</sup> (percent)" should be inserted in place of the heading "Maximum limits of—", and "Maximum limits of—" should be inserted in place of "Damaged kernels<sup>1</sup> (percent)". The heading "Maximum limits of—" should appear over the last five columns.

BILLING CODE 1505-01-D

## ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

[PP 6E3384/P405; FRL-3110-8]

Pesticide Tolerance for Fluazifop-Butyl

### Correction

In proposed rule document 86-25717 beginning on page 41811 in the issue of Wednesday, November 19, 1986, make the following correction:

On page 41811, in the third column, in the "SUPPLEMENTARY INFORMATION"

section, in the second paragraph, in the sixth line, "(+)" should read "(±)".

BILLING CODE 1505-01-D

## INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-270 (Final) and 731-TA-313 and 314 (Final)]

Certain Brass Sheet and Strip From France and Italy

### Correction

In notice document 86-26435 appearing on page 42141 in the issue of Friday, November 21, 1986, make the following correction:

On page 42141, in the third column, in the first paragraph in the "SUPPLEMENTARY INFORMATION" section, in the last line, "1, 1987" should read "14, 1987".

BILLING CODE 1505-01-D



The Board of Prison Commissioners has decided to increase the number of prisoners in the State Prison from 1,000 to 1,200. This increase is necessary to accommodate the growing number of inmates who are being sentenced to long terms of imprisonment.

DEPARTMENT OF AGRICULTURE  
BUREAU OF PLANT INDUSTRY

The Department of Agriculture has announced that it will be conducting a series of experiments to determine the best method of growing cotton in the State. The experiments will be conducted in various parts of the State and will involve the use of different varieties of cotton and different methods of cultivation.

The Department of Agriculture has also announced that it will be conducting a series of experiments to determine the best method of growing rice in the State. The experiments will be conducted in various parts of the State and will involve the use of different varieties of rice and different methods of cultivation.

The Board of Prison Commissioners has also decided to increase the number of prisoners in the State Prison from 1,000 to 1,200. This increase is necessary to accommodate the growing number of inmates who are being sentenced to long terms of imprisonment.

ENVIRONMENTAL PROTECTION  
AGENCY

The Environmental Protection Agency has announced that it will be conducting a series of experiments to determine the best method of cleaning up the State. The experiments will be conducted in various parts of the State and will involve the use of different methods of cleaning up and different types of equipment.

The Environmental Protection Agency has also announced that it will be conducting a series of experiments to determine the best method of cleaning up the State. The experiments will be conducted in various parts of the State and will involve the use of different methods of cleaning up and different types of equipment.

The Board of Prison Commissioners has also decided to increase the number of prisoners in the State Prison from 1,000 to 1,200. This increase is necessary to accommodate the growing number of inmates who are being sentenced to long terms of imprisonment.

INTERNATIONAL TRADE  
COMMISSION

The International Trade Commission has announced that it will be conducting a series of experiments to determine the best method of cleaning up the State. The experiments will be conducted in various parts of the State and will involve the use of different methods of cleaning up and different types of equipment.

The International Trade Commission has also announced that it will be conducting a series of experiments to determine the best method of cleaning up the State. The experiments will be conducted in various parts of the State and will involve the use of different methods of cleaning up and different types of equipment.



# Federal Register

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Tuesday  
December 2, 1986

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## Part II

### Federal Communications Commission

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47 CFR Parts 31, 32, and 33

**Common Carrier Services; Revision of  
the Uniform System of Accounts for  
Class A, Class B, and Class C Telephone  
Companies; Final Rule**



**FEDERAL COMMUNICATIONS  
COMMISSION**
**47 CFR Parts 31, 32, and 33**
**[CC Docket 78-196; FCC 86-221]**
**Common Carrier Services; Revision;  
Uniform System of Accounts; Classes  
A, B, and C Telephone Companies**
**AGENCY:** Federal Communications  
Commission.

**ACTION:** Final rule.

**SUMMARY:** The Commission has determined that the current accounting systems for Class A, Class B and Class C Telephone Companies prescribed in Parts 31 and 33 will be replaced by a new accounting system to be prescribed in Part 32. The Commission believes that circumstances have changed dramatically in the telecommunications industry since Parts 31 and 33 were developed. We have seen the introduction of competition and an explosion of new products and services to which the existing systems cannot respond without massive modification. A new Uniform System of Accounts (USOA) will bring into existence an up-to-date financial based system maintained in sufficient detail to facilitate recurrent regulatory decision making without undue reliance on *ad hoc* information requests and special studies. It will also provide a stable platform capable of accepting different costing methodologies and accommodating improvements to separations and settlements processes.

**EFFECTIVE DATE:** January 1, 1988.

**FOR FURTHER INFORMATION CONTACT:** John T. Curry, Accounting Systems Branch, Accounting and Audits Division, Common Carrier Bureau, (202) 634-1861.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's *Report and Order* adopted May 1, 1986, and released May 15, 1986.

The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street, NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractor, International Transcription Service, (202) 857-3800, 2100 M Street, NW., Suite 140, Washington, DC 20037.

**Summary of Report and Order**

On January 3, 1985 the Commission issued a *Further Notice of Proposed Rulemaking*, (*Further Notice*), CC Docket 78-196 (50 FR 1590; January 11, 1985) proposing to rescind Part 31 of the

Commission's Rules and Regulations (Uniform System of Accounts for Class A and Class B Telephone Companies) and Part 33 of the Commission's Rules and Regulations (Uniform System of Accounts for Class C Telephone Companies). The Commission proposed to replace these Parts with a single new Uniform System of Accounts for Telephone Companies.

The existing system, originally established in 1935, was not flexible enough to respond to Commission needs in regulating a complex and changing telecommunications industry. In the *Further Notice* it was proposed to establish only two classes of carriers: Class A companies with annual gross operating revenues of \$100 million or more and Class B companies with annual gross operating revenues of less than \$100 million, with the companies in Class B being required to maintain a less burdensome level of accounting detail and system compliance than Class A. In addition, the Commission proposed a financial-based accounting system which involved a new numbering system which was logically ordered and was flexible enough to permit further expansion; a two-dimensional matrix concept under which the expenses would be classified by both purpose and type; and a disaggregation and realignment of balance sheet and income statement accounts to reflect products and services and accommodate generally accepted accounting principles (GAAP) to the extent regulatory considerations would permit. Existing accounting rules require the capitalization of a large volume of costs indirectly related to the cost of construction. The proposed system, to be more consistent with GAAP, would expense a portion of these costs as they are incurred.

All parties commenting on the *Further Notice* expressed concern over the high costs of implementation and smaller companies indicated that they may be unable to realize any benefits from the less burdensome requirements proposed for them. The cost concerns of the parties were primarily attributable to the new numbering system, the disaggregation of plant accounts, the expense matrix, and the shift from capitalization to expense of a portion of indirect construction costs. In all of these areas, comments were divided, with some parties supporting all or some aspects of the changes, and others adamantly opposed. There was some uniformity in the timing of implementation. Most companies indicated it would take 36 months to adopt the system, if adopted as proposed.

The majority of consumers were opposed to the proposed new four-digit numbering system on the grounds that it added significantly to the cost of implementation and caused considerable data continuity problems. As a result of these comments, the new Part 32 will permit companies to use different numbers internally, provided that the title and content of their accounts and subaccounts match the content of the accounts and subaccounts prescribed in the new Part 32. However, in reporting to the Commission, the companies will be required to use the numbers the Commission prescribes. As a further accommodation, the numbering system has been modified to permit the use of existing numbers as the first three digits of the four-digit numbering system whenever practicable. These changes provide a flexibility which should ease the burden of conversion to the new system, while still providing this Commission with a system which accommodates its needs. Commenters to the *Further Notice* stated that our proposal to realign the plant-in-service accounts into various technology-specific accounts would require an extensive and costly inventory effort and that the disaggregation was inconsistent with the trend of technological changes in the industry. The final regulation has been modified to reduce the amount of disaggregation. This will reduce the necessary inventory effort and the need to allocate the cost of assets with integrated functions.

The *Further Notice* proposed a two-dimensional cost-type matrix to classify expenses. Under the matrix concept every expense incurred would be classified by both its purpose and its type. Comments were divided between those who supported the matrix and those who opposed it. In the final regulation the matrix concept is retained but modified somewhat to limit the distribution of rents of real property and to make some other minor clarifying changes. Also in connection with expenses, many telephone company respondents objected to the elimination of traditional clearing accounts that are used to initially record expenses that are later cleared to other expense and asset accounts. The new Part 32 will permit companies to establish additional clearing accounts with prior Commission approval.

The Commission's current accounting rules require the capitalization of a large volume of indirect costs related to construction. These costs then become a part of the value of plant in service and are depreciated over the useful life of the asset. The system proposed in the



*Further Notice* would expense a portion of these costs as they are incurred. We received comments with considerable variances in the estimates of the dollars which would be shifted from capital to expense. Some of these variances were attributable to differing interpretations of what kind of costs would be shifted. Instructions in the final regulation have been clarified, which should eliminate a significant portion of the differences. However, the *Report and Order* requires the Regional Bell Holding Companies, AT&T and GTE to resubmit estimates of capital to expense shifts based on the new instructions to determine if further modification of the rules is necessary.

Because of a reduced need for data from smaller companies, the Commission proposed to create a much less detailed system of accounts for companies with annual gross operating revenues of less than \$100 million. Most small companies believed that the proposal did not adequately address the problems of the small telephone companies. They expressed concern over the level of detail that may be imposed on them by various forces within the industry other than the Commission. Other parties, mostly state commissions, stated our revenue threshold was too high and should be reduced so that more companies will be required to maintain greater detail. The Commission saw no need to establish a lower threshold as a national standard. The Commission noted, however, that many small companies maintain more detailed systems because of state imposed requirements or because they see it themselves as being more advantageous for settlements purposes. The Commission said it expects that many of the changes intended to reduce the burden of larger carriers will also benefit the smaller carriers and that it expects impositions by the states would not be unreasonable or unduly burdensome for small companies.

In the *Further Notice* two alternatives for full USOA implementation were proposed, flash-cut and phase-in. The flash-cut approach requires complete and instantaneous conversion to the new accounting system. The phase-in approach permits implementation of the new accounting system over time, on a systematic basis. Most of the respondents favored the flash-cut approach and stated that at least 36 months after release of the final order would be required for the implementation of the *Further Notice* proposal. The flash-cut approach was supported as the only viable alternative because of interrelated accounting systems, the interdependencies between

accounts, the need to conform separations and the need to have all exchange carriers participating in industry pooling arrangements reporting all costs and revenues in a uniform manner. The commenters' time estimates for flash-cut implementation did not, however, take into account the modifications of the *Further Notice* that have been incorporated into the final rule. In consideration of these concerns the Commission concluded that a flash-cut change provides the least burdensome transition and decided that the new system should be adopted in its entirety on January 1, 1988.

By this *Report and Order*, the FCC deleted Parts 31 and 33 and incorporated Part 32 under Title 47 of the Code of Federal Regulations.

The regulation contained herein has been analyzed with respect to the Paperwork Reduction Act of 1980 and found to impose modified requirements of burden upon the public. Implementation of any new or modified requirement of burden will be subject to approval by the Office of Management and Budget as prescribed by the Act.

#### Ordering Clauses

Accordingly, It Is Ordered, That, under the authority contained in sections 4(i), 4(j) and 220 of the Communications Act of 1934, as amended, 47 U.S.C. sections 154(i), 154(j) and 220, Part 31, Uniform System of Accounts for Class A and Class B Telephone Companies (47 CFR Part 31) and Part 33, Uniform System of Accounts for Class C Telephone Companies (47 CFR Part 33) Are Deleted effective January 1, 1988.

It Is Further Ordered, That, under the authority contained in sections 4(i), 4(j) and 220 of the Communications Act of 1934, as amended, 47 U.S.C. sections 154(i), 154(j) and 220, New Part 32, Uniform System of Accounts for Telephone Companies Is Adopted and shall be incorporated as Part 32 under Title 47 of the Code of Federal Regulations effective January 1, 1988.

It Is Further Ordered, That the Secretary shall, pursuant to section 220(i) of the Communications Act of 1934, as amended, 47 U.S.C. section 220(i), cause this Report and Order to be served on each state Commission.

It Is Further Ordered, That AT&T, GTE and the Regional Bell Holding Companies submit, to the Chief, Common Carrier Bureau, revised estimates of capitalization to expense shifts resulting from the new instructions included in Part 32, 180 days after release of this *Report and Order*.

#### List of Subjects in 47 CFR Parts 31, 32, and 33

Telephone, Uniform system of accounts.

William J. Tricarico,

Secretary.

For reasons stated in the preamble, 47 CFR Chapter I is amended as follows:

#### PARTS 31 AND 33—[REMOVED]

1. Parts 31 and 33 are removed.
2. A new Part 32 is added to read as follows:

#### PART 32—UNIFORM SYSTEM OF ACCOUNTS FOR TELECOMMUNICATIONS COMPANIES

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- 32.2 Basis of the accounts.
- 32.3 Authority
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Authority: 47 U.S.C. 154, 47 U.S.C. 219, 220.

#### Subpart A—Preface

##### § 32.1 Background.

The revised Uniform System of Accounts (USOA) is a historical financial accounting system which reports the results of operational and financial events in a manner which enables both management and regulators to assess these results within a specified accounting period. The USOA also provides the financial community and others with financial performance results. In order for an

accounting system to fulfill these purposes, it must exhibit consistency and stability in financial reporting (including the results published for regulatory purposes). Accordingly, the USOA has been designed to reflect stable, recurring financial data based to the extent regulatory considerations permit upon the consistency of the well established body of accounting theories and principles commonly referred to as generally accepted accounting principles.

##### § 32.2 Basis of the accounts.

(a) The financial accounts of a company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called (in different contexts) transaction cycles, business processes, functions or activities. The concept, however, is the same in each case; i.e., the natural groupings represent what happens within the company on a consistent and continuing basis. This repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial account structure.

(b) Within the telecommunications industry companies, certain recurring functions (natural groupings) do take place in the course of providing products and services to customers. These accounts reflect, to the extent feasible, those functions. For example, the primary bases of the accounts containing the investment in telecommunications plant are the functions performed by the assets. In addition, because of the anticipated effects of future innovations, the telecommunications plant accounts are intended to permit technological distinctions. Similarly, the primary bases of plant operations, customer operations and corporate operations expense accounts are the functions performed by individuals. The revenue accounts, on the other hand, reflect a market perspective of natural groupings based primarily upon the products and services purchased by customers.

(c) In the course of developing the bases for this account structure, several other alternatives were explored. It was, for example, determined that, because of the variety and continual changing of various cost allocation mechanisms, the financial accounts of a company should not reflect an *a priori* allocation of revenues, investments or expenses to products or services, jurisdictions or organizational structures. (Note also § 32.14 (c) and (d) of Subpart B.) It was also determined that costs (in the case



of assets) should not be recorded based solely upon physical attributes such as location, description or size.

(d) Care has been taken in this account structure to avoid confusing a function with an organizational responsibility, particularly as it relates to the expense accounts. Whereas in the past, specific organizations may have performed specific functions, the future environment with its increasing mechanization and other changes will result in entirely new or restructured organizations. Thus, any relationships drawn between organizations and accounts would become increasingly meaningless with the passage of time.

(e) These accounts, then, are intended to reflect a functional and technological view of the telecommunications industry. This view will provide a stable and consistent foundation for the recording of financial data.

(f) The financial data contained in the accounts, together with the detailed information contained in the underlying financial and other subsidiary records required by this Commission, will provide the information necessary to support separations, cost of service and management reporting requirements. The basic account structure has been designed to remain stable as reporting requirements change.

#### § 32.3 Authority.

This Uniform System of Accounts has been prepared under the following authority: Section 4 of the Communications Act of 1934, as amended, 47 U.S.C. section 154 (1984); sections 219, 220 of the Communications Act of 1934, as amended, 47 U.S.C. sections 219, 220, (1984).

#### § 32.4 Communications Act.

Attention is directed to the following extract from section 220 of the Communications Act of 1934, 47 U.S.C. 220 (1984):

(e) Any person who shall willfully make any false entry in the accounts of any book of accounts or in any record or memoranda kept by any such carrier, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify any such account, record, or memoranda, or who shall willfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of the carrier, shall be deemed guilty of a misdemeanor, and shall be subject, upon conviction, to a fine of not less than \$1,000 nor more than \$5,000 or imprisonment for a term of not less than one year nor more than three years, or both such fine and imprisonment: Provided, that the Commission may in its discretion issue orders specifying such operating, accounting or financial papers, records, books, blanks, or documents which may, after a reasonable

time, be destroyed, and prescribing the length of time such books, papers, or documents shall be preserved.

For regulations governing the periods for which records are to be retained, see Part 42, Preservation of Records of Communications Common Carriers, of this chapter which relates to preservation of records.

#### Subpart B—General Instructions

##### § 32.11 Classification of companies.

(a) For accounting purposes, companies are divided into classes as follows:

(1) *Class A.* Companies having annual revenues from regulated telecommunications operations of \$100,000,000 or more.

(2) *Class B.* Companies having annual revenues from regulated telecommunications operations of less than \$100,000,000.

(b) Class A companies shall keep all the accounts of this system of accounts which are applicable to their affairs and are designated as Class A accounts. These companies shall also keep Basic Property Records in compliance with the requirements of § 32.2000 (e) and (f) of Subpart C.

(c) Class B companies shall keep all accounts of this system of accounts which are applicable to their affairs and are designated as Class B accounts. These companies shall also keep Continuing Property Records in compliance with the requirements of §§ 32.2000(e)(7)(A) and 32.2000(f) of Subpart C.

(d) Class B companies that desire more detailed accounting may adopt the accounts prescribed for Class A companies upon the submission of a written notification to the Commission.

(e) The initial classification of a company shall be determined by its lowest annual operating revenues for the five immediately preceding years. Subsequent changes in classification shall be made when the annual operating revenues show a greater or lesser classification for five consecutive years. Companies becoming subject to the jurisdiction of the Commission and not having revenue data for the five immediately preceding years shall estimate the amount of their annual revenues and adopt the scheme of accounts appropriate for the amount of such estimated revenues.

##### § 32.12 Records.

(a) The company's financial records shall be kept in accordance with generally accepted accounting principles to the extent permitted by this system of accounts.

(b) The company's financial records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in these accounts. The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.

(c) The Commission shall require a company to maintain financial and other subsidiary records in such a manner that specific information, of a type not warranting disclosure as an account or subaccount, will be readily available. When this occurs, or where the full information is not otherwise recorded in the general books, the subsidiary records shall be maintained in sufficient detail to facilitate the reporting of the required specific information. The subsidiary records, in which the full details are shown, shall be sufficiently referenced to permit ready identification and examination by representatives of this Commission.

##### § 32.13 Accounts—General.

(a) As a general rule, all accounts kept by reporting companies shall conform in numbers and titles to those prescribed herein. However, reporting companies may use different numbers for internal purposes when separate accounts (or subaccounts) maintained are consistent with the title and content of accounts and subaccounts prescribed in this system.

(1) For Class A reporting companies, accounts which are clearly summaries of other accounts or subaccounts are to be used for reporting purposes and are not otherwise required to be maintained.

(2) A company may subdivide any of the accounts prescribed. The titles of all such subaccounts shall refer by number or title to the controlling account.

(3) A company may establish temporary or experimental accounts provided that within 30 days of the opening of such accounts the company notifies the Commission of the nature and purpose thereof.

(b) Exercise of the preceding options shall be allowed only if the integrity of the prescribed accounts is not impaired.

(c) As of the date a company becomes subject to the system of accounts, the company is authorized to make any such subdivisions, reclassifications or consolidations of existing balances as are necessary to meet the requirements of this system of accounts.

(d) Nothing contained in this Part shall prohibit or excuse any company, receiver, or operating trustee of any carrier from subdividing the accounts hereby prescribed for the purpose of:



(1) Complying with the requirements of the state commission(s) having jurisdiction; or

(2) Securing the information required in the prescribed reports to such commission(s).

(e) Where the use of subsidiary records is considered necessary in order to secure the information required in reports to any state commission, the company shall incorporate the following controls into their accounting system with respect to such subsidiary records:

(1) Subsidiary records shall be reconciled to the company's general ledger or books of original entry, as appropriate.

(2) The company shall adequately document the accounting procedures related to subsidiary records.

(3) The subsidiary records shall be maintained at an adequate level of detail to satisfy state regulators.

#### § 32.14 Regulated accounts

(a) In the context of this Part, the regulated accounts shall be interpreted to include the investments, revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Commission. Regulated telecommunications products and services are thereby fully subject to the accounting requirements as specified in Title II of the Communications Act of 1934, as amended, and as detailed in Subparts A through F of this Part of the Commission's Rules and Regulations.

(b) In addition to those amounts considered to be regulated by the provisions of paragraph (a) of this section, those telecommunications products and services to which the tariff filing requirements of the several state jurisdictions are applied shall be accounted for as regulated, except where such treatment is proscribed or otherwise excluded from the requirements pertaining to regulated telecommunications products and services by this Commission.

(c) In the application of the detailed accounting requirements contained in this Part, the investments, expenses and other costs which are associated with the joint provision of regulated products and services and any other product or service shall be accounted for initially as a regulated investment, expense or other costs. Such joint costs shall be distributed between regulated products, and services and other products and services, in accordance with procedures approved by this Commission.

(d) Other income items which are incidental to the provision of regulated telecommunications products and services shall be recorded in the detailed regulated accounts. Other income items which are wholly attributable to other than regulated telecommunications products and services shall not be included in the accounts prescribed for regulated telecommunications products and services.

(e) All costs and revenues related to the offering of regulated products and services which result from arrangements for joint participation or apportionment between two or more companies (e.g., joint operating agreements, settlement agreements, cost-pooling agreements) shall be recorded within the detailed regulated accounts. Under joint operating agreements, the creditor will initially charge the entire expenses to the appropriate primary accounts. The proportion of such expenses borne by the debtor shall be credited by the creditor and charged by the debtor to the account initially charge. Any allowances for return on property used will be accounted for as provided in Account 5240, Rent Revenue.

(f) All items of revenue, investment and expense that are not properly includible in the detailed, regulated accounts prescribed in Subparts A through F of this Part, as determined by paragraphs (a) through (e) of this section shall be accounted for and included in reports to this Commission as specified in § 32.23 of this subpart.

#### § 32.15 [Reserved]

#### § 32.16 Changes in accounting standards.

(a) The company's records and accounts shall be adjusted to apply new accounting standards prescribed by the Financial Accounting Standards Board or successor authoritative accounting standard-setting groups, in a manner consistent with generally accepted accounting principles. Commission approval of a change in accounting standard will automatically take effect 90 days after the company informs this Commission of its intention to follow the new standard, unless the Commission notifies the company to the contrary. Concurrent with informing this Commission of its intent to adopt an accounting standards change, the company shall also file a revenue requirement study for the current year and a projection for three years into the future analyzing the effects of the accounting standards change. Furthermore, any change subsequently adopted shall be disclosed in annual reports to this Commission.

(b) The changes in accounting standards which this Commission approves will not necessarily be binding on the ratemaking practices of the various state commissions.

#### § 32.17 Interpretation of accounts.

To the end that uniform accounting shall be maintained within the prescribed system, questions involving matters of significant which are not clearly provided for shall be submitted to the Chief, Common Carrier Bureau, for explanation, interpretation, or resolution. Questions and answers thereto with respect to this system of accounts will be maintained by the Common Carrier Bureau.

#### § 32.18 Waivers.

A waiver from any provision of this system of accounts shall be made by the Federal Communications Commission upon its own initiative or upon the submission of written request therefor from any telecommunications company, or group of telecommunications companies, provided that such a waiver is in the public interest and each request for waiver expressly demonstrates that: existing peculiarities or unusual circumstances warrant a departure from a prescribed procedure or technique; a specifically defined alternative procedure or technique will result in a substantially equivalent or more accurate portrayal of operating results or financial condition, consistent with the principles embodied in the provisions of this system of accounts; and the application of such alternative procedure will maintain or improve uniformity in substantive results as among telecommunications companies.

#### § 32.19 Address for reports and correspondence.

Reports, statements, and correspondence submitted to the Federal Communications Commission in accordance with or relating to instructions and requirements contained herein shall be addressed to the Common Carrier Bureau, Federal Communications Commission, Washington, DC 20554.

#### § 32.20 Numbering convention.

(a) The number "32" (appearing to the left of the first decimal point) indicates the part number.

(b) The numbers immediately following to the right of the decimal point indicate, respectively, the section or account. *All Part 32 Account numbers contain 4 digits to-the-right-of-the-decimal point.*

(c) Cross references to accounts are made by citing the account numbers to



the right of the decimal point; e.g., Account 2232 rather than the corresponding complete Part 32 reference number 32.2232.

#### § 32.21 Sequence of accounts.

The order in which the accounts are presented in this system of accounts is not to be considered as necessarily indicative of the order in which they will be scheduled at all times in reports to this Commission.

#### § 32.22 Comprehensive interperiod tax allocation.

(a) Companies shall apply interperiod tax allocation (tax normalization) to all book/tax timing differences in accordance with generally accepted accounting principles. Book/tax timing differences, other than those resulting from accelerated depreciation or waiver, however, shall be phased-in over a period of five years as directed by this Commission. The tax effects of all book/tax timing differences shall be normalized and the deferrals shall be included in the following accounts:

- 4100 Net Current Deferred Operating Income Taxes
- 4110 Net Current Deferred Nonoperating Income Taxes
- 4340 Net Noncurrent Deferred Operating Income Taxes
- 4350 Net Noncurrent Deferred Nonoperating Income Taxes

In lieu of the accounting prescribed herein, any company shall treat the increase/reduction in current income taxes payable resulting from the use of flow through accounting in prior years and the phase-in years as an increase/reduction in current income tax expense.

(b) Supporting documentation shall be maintained so as to separately identify the amount of deferred taxes which arise from the use of an accelerated method of depreciation.

(c) With respect to the tax differentials that are phased-in, companies shall maintain underlying entries to and the balances in the above accounts so as to show that the deferred tax amounts are not greater than the phase-in percentage allowed by this Commission.

(d) The records supporting the activity in the deferred income tax accounts shall be maintained in sufficient detail to identify the nature of the specific timing differences giving rise to both the debits and credits to the individual accounts.

(e) Any company that uses accelerated depreciation (or recognizes taxable income or losses upon the retirement of property) for income tax purposes shall normalize the tax differentials occasioned thereby as

indicated in paragraphs (e)(1) and (e)(2) of this section.

(1) With respect to the retirement of property the book/tax difference between (i) the recognition of proceeds as income and the accrual for salvage value and (ii) the book and tax capital recovery, shall be normalized.

(2) Records shall be maintained so as to show the deferred tax amounts by vintage year separately for each class or subclass of eligible depreciable telephone plant for which an accelerated method of depreciation has been used for income tax purposes.

When property is transferred to nonregulated activities, the associated deferred income taxes and unamortized investment tax credits shall also be identified and transferred to the appropriate nonregulated accounts.

(f) The tax differentials to be normalized as indicated herein shall also encompass the additional effect of state and local income tax changes on Federal income taxes produced by the provision for deferred state and local income taxes for book/tax timing differences related to such income taxes.

(g) Companies that receive the tax benefits from the filing of a consolidated income tax return by the parent company, (pursuant to closing agreements with the Internal Revenue Service, effective January 1, 1966) representing the deferred income taxes from the elimination of intercompany profits for income tax purposes on sales of regulated equipment, may credit such deferred taxes directly to the plant account which contains such intercompany profit rather than crediting such deferred taxes to the applicable accounts in paragraph (a) of this section. If the deferred income taxes are recorded as a reduction of the appropriate plant accounts, such reduction shall be treated as reducing the original cost of the plant and accounted for as such.

#### § 32.23 Purpose of the nonregulated accounts.

(a) The nonregulated accounts described in this section shall include the results of the company's nonregulated activities for purposes of accounting and reporting to this Commission.

(b) The nonregulated accounts described in this section are to be used only by those companies which are engaged in the provision of both regulated telecommunications products and services and other products and services through a single entity.

(c) Detailed cost data for nonregulated activities shall be maintained in a

separate set of books wherein the carrier may establish whatever accounts they deem are required. However, amounts to be included in the accounts prescribed by this Commission (see paragraph (d) of this section) shall be determined in accordance with the instructions contained in §§ 32.14(a) through 32.14(f) of this subpart.

(d) The following accounts shall be maintained:

- Account 1406, Nonregulated Investments
- Account 7130, Return from Nonregulated Use of Regulated Facilities
- Account 7990, Nonregulated Net Income

#### § 32.24 Compensated absences.

(a) Companies shall record a liability and charge the appropriate expense accounts for compensated absences (vacations, sick leave etc.) in the year in which these benefits are earned by employees.

(b) With respect to the liability that exists for compensated absences which is not yet recorded on the books as of the effective date of this Part, the liability shall be recorded in Account 4120, Other Accrued Liabilities, with a corresponding entry to Account 1439, Deferred Charges. This deferred charge shall be amortized on a straight line basis over a period of ten years.

(c) Records shall be maintained so as to show that no more than ten percent of the deferred charge is being amortized each year.

#### § 32.25 Unusual items and contingent liabilities.

Extraordinary items, prior period adjustments, and contingent liabilities shall be submitted to this Commission for review before being recorded in the company's books of account.

#### § 32.26 Materiality.

Companies shall follow this system of accounts in recording all financial and statistical data irrespective of an individual items materiality under GAAP, unless a waiver has been granted under the provisions of § 32.18 of this subpart to do otherwise.

### Subpart C—Instructions for Balance Sheet Accounts

#### § 32.101 Structure of the balance sheet accounts.

The Balance Sheet accounts shall be maintained as follows:

Account 1120, Cash and Equivalents, through Account 1500, Other Jurisdictional Assets—Net, shall include assets other than regulated-fixed assets.

Account 2001, Telecommunications Plant in Service, through Account 2007, Goodwill, shall include the regulated fixed assets.



Account 3100, Accumulated Depreciation through Account 3600, Accumulated Amortization—Other, shall include the asset and deferred tax reserves.

Account 4010, Accounts Payable, through Account 4550, Retained Earnings, shall include all liabilities and stockholders equity.

**§ 32.102 Nonregulated investments.**

Nonregulated Investments shall include the investment in items, which, if classifiable as regulated under the provision of § 32.14 of Subpart B, would be included in Accounts 2001, Telecommunications Plant in Service, through 2007, Goodwill, or their associated valuation accounts, unamortized investment credits and inventories.

**§ 32.103 Balance Sheet accounts for other than regulated-fixed assets to be maintained.**

**BALANCE SHEET ACCOUNTS**

| Account title                                     | Class A account | Class B account |
|---|-----------------|-----------------|
| <b>Current Assets</b>                             |                 |                 |
| Cash and equivalents:                             |                 |                 |
| Cash  | 1130            |                 |
| Special cash deposits                             | 1140            |                 |
| Working cash advances                             | 1150            |                 |
| Temporary investments                             | 1160            |                 |
| Receivables and allowances for doubtful accounts: |                 |                 |
| Telecommunications accounts receivable            | 1180            | 1180            |
| Accounts receivable allowance—telecommunications  | 1181            | 1181            |
| Other accounts receivable                         | 1190            | 1190            |
| Accounts receivable allowance—other               | 1191            | 1191            |
| Notes receivable                                  | 1200            | 1200            |
| Notes receivable allowance                        | 1201            | 1201            |
| Interest and dividends receivable                 | 1210            | 1210            |
| Supplies:   |                 |                 |
| Material and supplies                             | 1220            | 1220            |
| Prepayments:                                      |                 |                 |
| Prepayments                                       |                 | 1280            |
| Prepaid rents                                     | 1290            |                 |
| Prepaid taxes                                     | 1300            |                 |
| Prepaid insurance                                 | 1310            |                 |
| Prepaid directory expenses                        | 1320            |                 |
| Other prepayments                                 | 1330            |                 |
| Other current assets:                             |                 |                 |
| Other current assets                              | 1350            | 1350            |
| <b>Noncurrent Assets</b>                          |                 |                 |
| Investments:                                      |                 |                 |
| Investment in affiliated companies                | 1401            | 1401            |
| Investments in nonaffiliated companies            | 1402            | 1402            |
| Nonregulated investments                          | 1406            | 1406            |
| Unamortized debt-issuance expense                 | 1407            | 1407            |
| Sinking funds                                     | 1408            | 1408            |
| Other noncurrent assets                           | 1410            | 1410            |
| Deferred charges:                                 |                 |                 |
| Deferred maintenance and retirements              | 1438            | 1438            |
| Deferred charges                                  | 1439            | 1439            |
| Other:  |                 |                 |
| Other jurisdictional assets—net                   | 1500            | 1500            |

**§ 32.1120 Cash and equivalents.**

This account shall be used by Class B companies to record assets of the type required of Class A companies in Accounts 1130 through 1160.

**§ 32.1130 Cash.**

(a) This account shall include the amount of current funds available for use on demand in the hands of financial officers and agents, deposited in banks or other financial institutions and also funds in transit for which agents have received credit.

(b) Working cash advances shall be included in Account 1150, Working Cash Advances.

**§ 32.1140 Special cash deposits.**

(a) This account shall include the amount of cash on special deposit, other than in sinking and other special funds provided for elsewhere, to pay dividends, interest, and other debts, when such payments are due one year or less from the date of deposit; the amount of cash deposited to insure the performance of contracts to be performed within one year from date of the deposit; and other cash deposits of a special nature not provided for elsewhere. This account shall include the amount of cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced, and also cash realized from the sale of the company's securities and deposited with trustees to be held until invested in physical property of the company or for disbursement when the purposes for which the securities were sold are accomplished.

(b) Cash on deposit in special accounts where the funds are available for the current requirements of the company shall be included in Account 1130, Cash.

(c) Cash on special deposit to be held for more than one year from the date of deposit shall be included in Account 1410, Other Noncurrent Assets.

**§ 32.1150 Working cash advances.**

This account shall include the amount of cash advanced to officers, agents, employees, and others as petty cash or working funds from which expenditures are to be made and accounted for.

**§ 32.1160 Temporary investments.**

(a) This account shall include the cost of current securities acquired for the purpose of temporarily investing cash, such as time drafts receivable and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments of a temporary character.

(b) Accumulated changes in the net unrealized losses of current marketable equity securities shall be included in the determination of net income in the period in which they occur in Account 7360, Other Nonoperating Income.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1180 Telecommunications accounts receivable.**

(a) This account shall include all amounts due from customers for services rendered or billed and from agents and collectors authorized to make collections from customers. This account shall also include all amounts due from customers or agents for products sold. This account shall be kept in such manner as will enable the company to make the following analysis:

(1) Amounts due from customers who are receiving telecommunications service.

(2) Amounts due from customers who are not receiving service and whose accounts are in process of collection.

(b) Collections in excess of amounts charged to this account may be credited to and carried in this account until applied against charges for services rendered or until refunded.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1181 Accounts receivable allowance—Telecommunications.**

(a) This account shall be credited with amounts charged to Account 5301, Uncollectible Revenue—Telecommunications, to provide for uncollectible amounts included in Account 1180, Telecommunications Accounts Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1180. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 5301, Uncollectible Revenue—Telecommunications.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates



and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1190 Other accounts receivable.**

(a) This account shall include all amounts currently due, and not provided for in other accounts, such as those for traffic settlements, divisions of revenue, material and supplies, matured rents, and interest receivable under monthly settlements on short-term loans, advances, and open accounts.

(b) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) Amounts included in this account pertaining to affiliates shall not include amounts receivable from sales of telecommunications service provided at tariffed rates. Such amounts shall be included in Account 1180, Telecommunications Accounts Receivable.

(d) If any items included in this account are not to be paid currently they shall be transferred to Account 1410, Other Noncurrent Assets, or 1401, Investments in Affiliated Companies, as appropriate.

**§ 32.1191 Accounts receivable allowance—Other.**

(a) This account shall be credited with amounts charged to Account 5302, Uncollectible Revenue—Other to provide for uncollectible amounts included in Account 1190, Other Accounts Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1190. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 5302, Uncollectible Revenue—Other.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1200 Notes receivable.**

(a) This account shall include the cost of demand or time notes, bills and drafts

receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

(b) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1201 Notes receivable allowance.**

(a) This account shall be credited with amounts charged Account 6790, Provision for Uncollectible Notes Receivable to provide for uncollectible amounts included in Account 1200, Notes Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1200. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 6790, Provision for Uncollectible Notes Receivable.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1210 Interest and dividends receivable.**

(a) This account shall include the amount of interest accrued to the date of the balance sheet on bonds, notes, and other commercial paper owned, on loans made, and the amount of dividends receivable on stocks owned.

(b) This account shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking and other funds.

(c) Interest receivable under monthly settlements on short-term loans, advances, and open accounts, shall be included in Account 1180, Telecommunications Accounts Receivable or Account 1190, Other Accounts Receivable, as appropriate.

(d) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in

Affiliated Companies, as a reduction of the carrying value of the investment.

**§ 32.1220 Material and supplies.**

(a) This account shall include the cost of material and supplies held in stock including plant supplies, motor vehicles supplies, tools, fuel, other supplies and material and articles of the company in process of manufacture for supply stock. (Note also § 32.2000(c)(2)(iii) of this subpart.)

(b) Transportation charges and sales and use taxes, so far as practicable, shall be included as a part of the cost of the particular material to which they relate. Transportation and sales and use taxes which are not included as part of the cost of particular material shall be equitably apportioned among the detail accounts to which material is charged.

(c) So far as practicable, cash and other discount on material shall be deducted in determining the cost of the particular material to which they relate or credited to the account to which the material is charged. When such deduction is not practicable, discounts shall be equitably apportioned among the detail accounts to which material is charged.

(d) Material recovered in connection with construction, maintenance or retirement of property shall be charged to this account as follows:

(1) Reusable items that, when installed or in service, were retirement units shall be included in this account at the original cost, estimated if not known. (Note also § 32.2000(d)(3) of this subpart.)

(2) Reusable minor items that, when installed or in service, were not retirement units shall be included in this account at current prices new.

(3) The cost of repairing reusable material shall be charged to the appropriate account in the Plant Specific Operations Expense accounts.

(4) Scrap and nonuseable material included in this account shall be carried at the estimated amount which will be received therefor. The difference between the amounts realized for scrap and nonuseable material sold and the amounts at which it is carried in this account, so far as practicable, shall be adjusted in the accounts credited when the material was taken up in this account.

(e) Interest paid on material bills, the payments of which are delayed, shall be charged to Account 7540, Other Interest Deductions.

(f) Inventories of material and supplies shall be taken during each calendar year and the adjustments to



this account shall be charged or credited to Account 6512, Provisioning Expense.

(g) This account shall not include material and supplies which are dedicated to the company's nonregulated activities. (Note also Account 1406, Nonregulated Investments.)

**§ 32.1280 Prepayments.**

This account shall be used by Class B companies to record assets of the type required of Class A companies in Accounts 1290 through 1330.

**§ 32.1290 Prepaid rents.**

This account shall include the amounts of rents paid in advance of the period in which they are chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the rents are paid, this account shall be credited monthly and the appropriate account charged.

**§ 32.1300 Prepaid taxes.**

This account shall include the balance of all taxes, other than amounts chargeable to telecommunication plant under construction and minor amounts which may be charged to the final accounts, paid in advance and which are chargeable to income within one year. As the term expires for which the taxes are paid, this account shall be credited monthly and the appropriate account charged.

**§ 32.1310 Prepaid insurance.**

This account shall include the amount of insurance premiums paid in advance of the period in which they are chargeable to income, except premiums chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the premiums are paid, this account shall be credited monthly and the appropriate account charged.

**§ 32.1320 Prepaid directory expenses.**

This account shall include the cost of preparing, printing, binding, and delivering directories and the cost of soliciting advertisements for directories, except minor amounts which may be charged directly to Account 6622, Number Services. Amounts in this account shall be cleared to Account 6622 by monthly charges representing that portion of the expenses applicable to each month.

**§ 32.1330 Other prepayments.**

This account shall include prepayments, other than those

includable in Accounts 1290 through 1320, except minor amounts which may be charged directly to the final accounts. As the term expires for which the payments apply, this account shall be credited monthly and the appropriate account charged.

**§ 32.1350 Other current assets.**

This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1330.

**§ 32.1401 Investments in affiliated companies.**

(a) This account shall include the acquisition cost of the company's investment in equity or other securities issued or assumed by affiliated companies, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds. The carrying value of the investment (securities) accounted for on the equity method shall be adjusted to recognize the company's share of the earnings or losses and dividends received or receivable of the affiliated company from the date of acquisition. (Note also Account 1210, Interest and Dividends Receivable, and Account 7310, Dividend Income.)

(b) Declines in value of investments accounted for under the cost method shall be charged to Account 4540, Other Capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(c) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, advances to affiliates, and long-term debt. Further, the company's records shall identify the securities pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.

(d) This account shall also include advances represented by book accounts only with respect to which it is carried or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(e) Amounts due from affiliated companies which are subject to current settlement shall be included in Account 1180, Telecommunications Accounts Receivable, Account 1190, Other Accounts Receivable, or Account 1200, Notes Receivable, as appropriate.

(f) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to the equity method and the cost method. Such subsidiary record categories shall

be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.1402 Investments in nonaffiliated companies.**

(a) This account shall include the acquisition cost of the Company's investment in securities issued or assumed by nonaffiliated companies and individuals, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds, and also its investment advances to such parties and special deposits of cash for more than one year from date of deposit.

(b) Declines in value of investments shall be charged to Account 4540, Other Capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(c) This account shall also include advances represented by book accounts only with respect to which it is agreed or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(d) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, long-term debt, investment advances and special deposits of cash for more than one year from the date of deposit. Further, the company's record shall identify the securities pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.

(e) Amounts due from nonaffiliated companies which are subject to current settlement shall be included in Account 1180, Telecommunications Accounts Receivable, Account 1190, Other Accounts Receivable, or Account 1200, Notes Receivable, as appropriate.

**§ 32.1406 Nonregulated investments.**

(a) This account shall include all of the company's investment in physical property, both in service and in stock, together with related accumulated depreciation that is used or held entirely for other than regulated telecommunications services. (Note also Account 1220, Material and Supplies.) It shall include the amount of all assessments for the construction of public improvements levied against nonregulated physical property utilized in nonregulated operations. This account shall include, as a receivable, costs including taxes incurred on behalf of nonregulated operations, and, as a payable, costs incurred by the nonregulated business on behalf of regulated operations. This account shall



reflect net income or loss on nonregulated activity.

(b) The investment in this account shall be maintained by the following subaccounts:

- 1406.1 Permanent Investment
- 1406.2 Receivable/Payable
- 1406.3 Current Net Income or Loss

**§ 32.1407 Unamortized debt issuance expense.**

(a) This account shall include the total unamortized balance of debt issuance expense for all classes of outstanding long-term debt. Amounts included in this account shall be amortized monthly and charged to account 7530, Amortization of Debt Issuance Expense.

(b) Debt Issuance expense includes all expenses in connection with the issuance and sale of evidence of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; costs of engraving and printing bonds, certificates of indebtedness, and other commercial paper; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen; fees and expenses of listing on exchanges, and other like costs.

(c) A subsidiary record shall be kept of each issue outstanding.

**§ 32.1408 Sinking funds.**

(a) This account shall include the amount of cash and other assets which are held by trustees or by the company's treasurer in a distinct fund, for the purpose of redeeming outstanding obligations.

(b) Interest or other income arising from funds carried in this account shall generally be charged to this account.

(c) A subsidiary record shall be kept for each sinking fund which shall designate the obligation in support of which the fund was created.

**§ 32.1410 Other noncurrent assets.**

This account shall include the amount of all noncurrent assets which are not includable in Accounts 1401 through 1408.

**§ 32.1438 Deferred maintenance and retirements.**

(a) This account shall include such items as the unprovided-for loss in service value of telecommunications plant for extraordinary nonrecurring retirement not considered in depreciation and the cost of extensive replacements of plant normally chargeable to the current period Plant Specific Operations Expense accounts.

(b) Charges provided for in paragraph (a) of this section shall be included in

this account only upon direction or approval from this Commission. However, the company's application to this Commission for such approval shall give full particulars concerning the property retired, the extensive replacements, the amount chargeable to operating expenses and the period over which in its judgment the amount of such charges should be distributed.

**§ 32.1439 Deferred charges.**

(a) This account shall include all deferred charges not provided for in Accounts 1438, Deferred Maintenance and Retirements, and 1500, Other Jurisdictional Assets—Net. Such charges include unaudited amounts and other debit balances in suspense that cannot be cleared and disposed of until additional information is received; the amount, pending determination of loss, of funds on deposit with banks which have failed; revenue, expense, and income items held in suspense; amounts paid for options pending final disposition.

(b) This account shall include the cost of preliminary surveys, plans, investigation, etc., made for construction projects under contemplation. If the projects are carried out, the preliminary costs shall be included in the cost of the plant constructed. If the projects are abandoned, the preliminary costs shall be charged to Account 7370, Special Charges.

(c) This account shall include also the cost of evaluations, inventories, and appraisals taken in connection with the acquisition or sale of property. If the property is subsequently acquired, the preliminary costs shall be accounted for as a part of the cost of acquisition, or if it is sold, such costs shall be deducted from the sale price in accounting for the property sold. If purchases or sales are abandoned, the preliminary costs included herein (including options paid, if any) shall be charged to Account 7370.

**§ 32.1500 Other jurisdictional assets—Net**

This account shall include the cumulative impact on assets of jurisdictional ratemaking practices which vary from those of this Commission. All entries recorded in this account shall be recorded net of any applicable income tax effects and shall be supported by subsidiary records where necessary as provided for in § 32.13(e) of Subpart B.

**§ 32.2000 Instructions for telecommunications plant accounts.**

(a) *Purpose of telecommunications plant accounts.* (1) The telecommunications plant accounts (2001 to 2007 inclusive) are designed to

show the investment in the company's tangible and intangible telecommunications plant which ordinarily has a service life of more than one year, including such plant whether used by the company or others in providing telecommunications service.

(2) The telecommunications plant accounts shall not include the cost or other value of telecommunications plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of telecommunications plant shall be credited to the accounts charged with the cost of such construction. Amounts of non-recurring reimbursements based on the cost of plant or equipment furnished in rendering service to a customer shall be credited to the accounts charged with the cost of the plant or equipment. Amounts of initial charges based on the estimated cost of removal of such plant or equipment shall be credited to the applicable Plant Specific Operations Expense accounts. Amounts received for construction which are ultimately to be repaid wholly or in part, shall be credited to Account 4360, Other Deferred Credits; when final determination has been made as to the amount to be returned, any unrefunded amounts shall be credited to the accounts charged with the cost of such construction. Amounts received for the construction of plant, the ownership of which rests with or will revert to others, shall be credited to the accounts charged with the cost of such construction. (Note also Account 7110, Income from Custom Work.)

(3) When telecommunications plant ordinarily having a service life of more than one year is installed for temporary use in providing telecommunications service, it shall be accounted for in the same manner as plant having a service life of more than one year. This includes temporary installations of plant (such as poles, wire and cable) installed to maintain service during the progress of highway reconstruction or during interruptions due to storms or other casualties, equipment used for the training of operators, equipment used to provide intercepting positions in central offices to handle traffic for a short period following extensive system changes and similar installations of property used to provide telecommunications service.

(4) The cost of individual items of equipment, classifiable to Accounts 2112, Motor Vehicles; 2113, Aircraft; 2114, Special Purpose Vehicles; 2115, Garage Work Equipment; 2116, Other Work Equipment; 2122, Furniture; 2123, Office Equipment; and 2124, General



Purpose Computers, costing \$200 or less or having a life less than one year shall be charged to the applicable Plant Specific Operations Expense accounts. If the aggregate investment in the items is relatively large at the time of acquisition, such amounts shall be maintained in an applicable materials and supplies account until the items are used.

(b) *Telecommunications plant acquired.* (1) Property, plant and equipment acquired from an entity, whether or not affiliated with the accounting company, shall be accounted for at original cost, except that property, plant and equipment acquired from a nonaffiliated entity shall be accounted for at acquisition cost if the purchase price is less than \$100,000 for Class A companies or \$25,000 for Class B companies.

(2) The accounting for property plant and equipment to be recorded at original cost shall be as follows:

(i) The amount of money paid (or current money value of any consideration other than money exchanged) for the property (together with preliminary expenses incurred in connection with the acquisition) shall be charged to Account 1439, Deferred Charges.

(ii) The original cost, estimated if not known, of telecommunications plant, governmental franchises and other similar rights acquired shall be charged to the applicable telecommunications plant accounts, Telecommunications Plant Under Construction, and Property Held For Future Telecommunications Use, as appropriate, and credited to Account 1439. When the actual original cost cannot be determined and estimates are used, the company shall be prepared to furnish the Commission with the particulars of such estimates.

(iii) Depreciation and amortization of plant acquired shall be credited to Account 3100, Accumulated Depreciation, or Account 3200, Accumulated Depreciation—Held for Future Telecommunications Use, 3400, Accumulated Amortization—Tangible, 3410, Accumulated Amortization—Capitalized Leases, 3420, Accumulated Amortization—Leasehold Improvements, 3500, Accumulated Amortization—Intangibles, and 3600, Accumulated Amortization—Other, and debited to Account 1439.

(iv) Any amount remaining in Account 1439, applicable to the plant acquired, shall, upon completion of the entries provided in paragraphs (b)(2) (i), (ii) and (iii) of this section, be debited or credited, as applicable, to Account 2007, Goodwill, or to Account 2005,

Telecommunications Plant Adjustment, as appropriate.

(3) A memorandum record shall be kept showing the amount of contributions in aid of construction applicable to the property acquired as shown by the accounts of the previous owner.

(4) Companies shall submit to the Commission for consideration and approval copies of journal entries recording acquisition of telecommunications plant covered by this instruction when the consideration paid is \$1,000,000 or greater (Class A companies) and \$250,000 or greater (Class B companies). The text of such entries shall give a complete description of the property acquired and the basis upon which the amounts of the entries have been determined.

(c) *Cost of construction.* (1) Telecommunications plant represents an economic resource which will be used to provide future services, the cost of which will be allocated in a rational and systematic manner to the future periods in which it provides benefits. In accounting for construction costs, the utility shall charge to the telecommunications plant accounts, where applicable, all direct and indirect costs.

(2) Direct and indirect costs shall include, but not be limited to:

(i) "Labor" includes the wages and expenses of employees directly engaged in or in direct charge of construction work. It includes expenses directly related to an employee's wages, such as worker's compensation insurance, payroll taxes, benefits and other similar items of expense.

(ii) "Engineering" includes the portion of the wages and expenses of engineers, draftsmen, inspectors, and their direct supervision applicable to construction work. It includes expenses directly related to an employee's wages, such as worker's compensation insurance, payroll taxes, benefits and other similar items of expense.

(iii) "Material and supplies" includes the purchase price of material used at the point of free delivery plus the costs of inspection, loading and transportation, and an equitable portion of provisioning expense. In determining the cost of material used, proper allowance shall be made for unused material, for material recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of material. This item does not include construction material that is stolen or rendered unusable due to vandalism. Such material should be charged to the

applicable plant specific operations expense accounts.

(iv) "Transportation" includes the cost of transporting employees, material and supplies, tools and other work equipment to and from the physical construction location. It includes amounts paid therefor to other companies or individuals and the cost of using the company's own motor vehicles or other transportation equipment.

(v) "Contract work" includes amounts paid for work performed under contract or other agreement by other companies, firms or individuals; engineering and supervision applicable to such work; cost incident to the award of contracts; and the inspection of such work. The cost of construction work performed by affiliated companies and other details relating thereto shall be available from the work in progress and supporting records.

(vi) "Protection" includes the cost of protecting the company's property from fire or other casualties and the cost of preventing damages to others or the property of others.

(vii) "Privileges, Permits, and Rights of way" includes such costs incurred in obtaining these privileges, permits, or rights of way in connection with construction work, such as for use of private property, streets or highways. The cost of such privileges and permits shall be included in the cost of the work for which the privileges or permits are obtained, except for costs includable in Account 2111, Land, and Account 2690, Intangibles.

(viii) "Taxes" includes taxes properly includable in construction costs before the facilities are completed for service, which taxes are assessed separately from taxes on operating property or under conditions that permit separate identification of the amount chargeable to construction.

(ix) "Special machine service" includes the cost of labor expended, materials and supplies consumed and other expenses incurred in the maintenance, operation and use of special and other labor saving machines (other than transportation equipment (such as trenching equipment, cable plows and pole setting trucks. Also included are expenditures for rental, maintenance and operation of such machines owned by others. When a construction job requires the purchase of special machines, the cost thereof, less the appraised or salvage value at the time of release from the job, shall be included in the cost of construction.

(x) "Allowance for funds used during construction" includes the cost of debt and equity funds used in the



construction of telecommunications property and shall be applied to telecommunications property designed to be completed in over one year as described in section 32.2004 of this subpart. Allowance for funds used during construction shall be charged to the accounts appropriate for the cost of the property acquired or constructed as follows:

(A) Reasonable amounts of interest during the construction period (before the property is received or is completed ready for telecommunications service) on general funds expended for any acquisition or construction of telecommunications plant shall be computed on amounts in Account 2004, Telecommunications Plant Under Construction—Long Term and shall be charged thereto. Such amounts shall be credited to Account 7340, Allowance For Funds Used During Construction.

(B) When funds, derived from the sales of bonds, notes and other interest-bearing debt, are specifically acquired and separately held for use in the construction of telecommunications plant, the total interest, discount or premium shall be included in the cost of telecommunications plant and credited to Account 7340, Allowance For Funds Used During Construction; provided, however, that no interest charge for a period longer than six months prior to the commencement of construction work shall be made unless specifically authorized by the Commission.

(C) During the period of suspension of a construction project, no allowance for funds used during construction for a period longer than six months from the date of its suspension shall be included in these accounts unless specifically authorized by the Commission. No allowance for funds used during construction charge shall be included in these accounts on expenditures for construction projects which have been abandoned.

(D) No amount of allowance for funds used during construction shall be accrued retroactively for any telecommunications plant which was once included in Account 2003, Telecommunications Plant Under Construction—Short Term. No reversal of allowance for funds used during construction is necessary for plant included in Account 2004, but completed in less than one year.

(xi) "Insurance" includes premiums paid specifically for protection against loss and damage in connection with the construction of telecommunications plant due to fire or other casualty, injury to or death of employees or others, damages to property of others, defalcations of employees and agents

and the non-performance of contractual obligations of others.

(xii) "Construction services" include the cost of telephone, electricity, power, construction quarters, office space and equipment directly related to the construction project.

(xiii) "Indirect construction costs" shall include indirect costs such as general engineering, supervision and support. Such costs, in addition to direct supervision, shall include indirect plant operations and engineering supervision up to, but not including, supervision by executive officers whose pay and expenses are chargeable to Account 6711, Executive. The records supporting the entries for indirect construction costs shall be kept so as to show the nature of the expenditures, the individual jobs and accounts charged, and the bases of the distribution. The amounts charged to each plant account for indirect costs shall be readily determinable. The instructions contained herein shall not be interpreted as permitting the addition to plant of amounts to cover indirect costs based on arbitrary allocations.

(xiv) The cost of construction shall not include any amounts classifiable as Corporate Operations Expense.

(d) *Telecommunications plant retired.*

(1) Telecommunications plant accounts shall at all times disclose the original cost of all property in service. When any item of property subject to plant retirement accounting is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, becomes permanently unserviceable, is withdrawn or for any other reason is retired from service, the plant accounts applicable to that item shall be credited with the original cost of the plant retired whether replaced or not (except as provided for minor items in paragraph (d)(2)(ii) of this section). Normally, these retirement credits with respect to such plant as entire buildings, entire central offices, all plant abandoned and any large sections of plant withdrawn from service, shall be entered in the accounts for the month in which use of the property ceased. For any other plant withdrawn from service, the retirement credits shall be entered no later than the next succeeding month. Literal compliance with the provision for timing of entries with respect to property amounting to less than \$50,000 retired under any one project is not required if an unreasonable amount of recordkeeping and estimating of quantities, original costs and salvage is necessary. The retirement entry shall refer to the continuing property record, or records supplemental thereto, from which the cost was obtained (note also

paragraph (d)(3) of this section). Every company shall establish procedures which will ensure compliance with these requirements.

(2) To avoid undue refinement, depreciable telecommunications plant shall be accounted for as follows:

(i) Retirement units: This group includes major items of property, a representative list of which shall be prescribed by this Commission. In lieu of the retirement units prescribed with respect to a particular account, a company may, after obtaining specific approval by this Commission, establish and maintain its own list of retirement units for a portion or all of the plant in any such account. For items included on the retirement units list, the original cost of any such items retired shall be credited to the plant account and charged to Account 3100, Accumulated Depreciation, whether or not replaced. The original cost of retirement units installed in place of property retired shall be charged to the applicable telecommunications plant account.

(ii) Minor items: This group includes any part or element of plant which is not designated as a retirement unit. The original cost of a minor item of property when included in the specific or average cost for a retirement unit or units requires no separate credit to the telecommunications plant account when such a minor item is retired. The cost of replacement shall be charged to the account applicable for the cost of repairs of the property. However, if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, of greater durability, of greater capacity or more economical in operation), the excess cost of such a replacement, over the estimated cost at the then current prices of replacement without betterment of the minor items being retired, shall be charged to the applicable telecommunications plant account.

(3) The cost of property to be retired shall be the amount at which property is included in the telecommunications plant accounts. However, when it is impracticable to determine the cost of each item due to the relatively large number or small cost of such items, the average cost of all the items covered by an appropriate subdivision of the account shall be used in determining the cost to be assigned to such items when retired. The method used in determining average cost must give due regard to the quantity, vintage, size and kind of items, the area in which they were installed and their classification in other respects. Average cost may be applied in



retirement of such items as poles, wire, cable, cable terminals, conduit and booths. Any company may use average cost of property installed in a year or band of years as approved by the Commission. It should be understood, however, that the use of average costs shall not relieve the company of the requirement for maintaining its continuing property records to show, where practicable, dates of installation and removal for purposes of mortality studies. (See § 32.2000(f) of this subpart, Standard Practices for Establishing and Maintaining Continuing Property Records.)

(4) The accounting for the retirement of property, plant and equipment shall be as provided above except:

(i) Amounts included in Account 2005, Telecommunications Plant Adjustment; Account 2680, Amortizable Tangible Assets; Account 2681, Capital Leases; Account 2682, Leasehold Improvements; Account 2690, Intangibles; and any amounts associated with amortizable leaseholds, easements, and similar rights in land included in Account 2111, Land, shall be debited, as appropriate, to Account 3400, 3410, 3420, 3500, or 3600, and credited to the applicable accounts.

(ii) Amounts in Account 2111, Land, and amounts for works of art recorded in Account 2122, Furniture, shall be treated at disposition as a gain or loss and shall be credited or debited to Account 7150, Gains and Losses from Disposition of Land and Artwork, as applicable. If land or artwork is retained by the company and held for sale, the cost shall be charged to Account 2006, Nonoperating Plant.

(5) When the telecommunications plant is sold together with traffic associated therewith, the original cost of the property shall be credited to the applicable plant accounts and the estimated amounts carried with respect thereto in the accumulated depreciation and amortization accounts shall be charged to such accumulated accounts. The difference, if any, between the net amount of such debit and credit items and the consideration received (less commissions and other expenses of making the sale) for the property shall be included in Account 7350, Gains and Losses from Disposition of Certain Property. The accounting for depreciable telecommunications plant sold without the traffic associated therewith shall be in accordance with the accounting provided in § 32.3100(c) of this subpart.

(e) *Basic property records.* (1) The basic property records are that portion of the total property accounting system which preserves the following detailed information:

(i) The identity, vintage, location and original cost of units of property;

(ii) Original and ongoing transactional data (plant account activity) in terms of such units; and

(iii) Any other specific financial and cost accounting information not properly warranting separate disclosure as an account or subaccount but which is needed to support regulatory, cost, tax, management and other specific accounting information needs and requirements.

(2) The basic property records must be: (i) Subject to internal accounting controls, (ii) auditable, (iii) equal in the aggregate to the total investment reflected in the financial property control accounts as well as the total of the cost allocations supporting the determination of cost-of-service at any particular point in time, and (iv) maintained throughout the life of the property.

(3) The basic property records shall consist of (i) continuing property records and (ii) records supplemental thereto which together reveal clearly, by accounting area, the detailed and systematically summarized information necessary to meet fully the requirements of paragraphs (e)(1) and (e)(2) of this section.

(4) Companies shall establish and maintain basic property records for each class of property recorded in the several plant accounts which comprise the balance sheet Account 2001, Telecommunications Plant In Service, Account 2002, Property Held for Future Telecommunications Use, and Account 2006, Nonoperating Plant.

(5) The company shall notify the Commission of a plan for the basic property record as follows:

(i) Not later than June 30 of the year following that in which it becomes subject to this system of accounts, the company shall file with the Commission two (2) copies of a complete plan of the method to be used in the compilation of a basic property record with respect to each class of property. The plan shall include a list of proposed accounting areas accompanied by description of the boundaries of each area as defined in accordance with the requirements of § 32.2000(f)(1) (i) and (ii) of this subpart. The plan shall also include a list of property record units proposed for use under each regulated plant account. These property record units shall be selected such that the requirements of § 32.2000(f)(2) (i), (ii) and (iii) of this subpart can be satisfied.

(ii) The company shall submit to the Commission one copy of any major proposed changes in its basic property

record plan at least 30 days before the effective date of the proposed changes.

(6) The company shall prepare and maintain the basic property record as follows:

(i) Not later than June 30 of the year following that in which the company becomes subject to this system of accounts, begin the preparation of a basic property record.

(ii) Complete within two years of the prescribed beginning date, basic property records for all property as of the end of the preceding calendar year.

(iii) Promptly process in the basic property records all property changes affecting periods subsequent to initial establishment of the basic property record.

(7) The basic property record components (see paragraph (c) of this section) shall be arranged in conformity with the regulated plant accounts prescribed in this section of accounts as follows:

(i) The continuing property records shall be compiled on the basis of original cost (or other book cost consistent with this system of accounts). The continuing property records shall be maintained as prescribed in § 32.2000(f)(2)(iii) of this subpart in such manner as will meet the following basic objectives:

(A) Provide for the verification of property record units by physical examination.

(B) Provide for accurate accounting for retirements.

(C) Provide data for use in connection with depreciation studies.

(ii) The records supplemental to the continuing property records shall disclose such service designations, usage measurement criteria, apportionment factors, or other data as may be prescribed by the Commission in this Part or other Parts of its Rules and Regulations. Such data are subject to the same general controls and standards for auditability and support as are all other elements of the basic property records.

(f) *Standard practices for establishing and maintaining continuing property records—(1) Accounting area.* (i) The continuing property record, as related to each primary plant account, shall be established and maintained by subaccounts for each accounting area. An accounting area is the smallest territory of the company for which accounting records of investment are maintained for all plant accounts within the area. Areas already established for administrative, accounting, valuation, or other purposes may be adopted for this purpose when appropriate. In no case shall the boundaries of accounting areas



cross either State lines or boundaries prescribed by the Commission.

(ii) In determining the limit of each area, consideration shall be given to the quantities of property, construction conditions, operating districts, county and township lines, taxing district boundaries, city limits, and other political or geographical limits, in order that the area adopted may have maximum adaptability, within the confines of practicability, for both the company's purpose and those of Federal, State, and municipal authorities.

(2) *Property record units.* (i) In each of the established accounting areas, the "property record units" which are to be maintained in the continuing property record shall be set forth separately, classified by size and type with the amount of original cost (or other appropriate book cost) associated with such units. When a list of property record units has been accepted by the Commission, they shall become the units referred to in this statement of standard practices. Such units shall apply to only the regulated portion of this system of accounts.

(ii) When it is found necessary to revise this list because of the addition of units used in providing new types of service, or new units resulting from improvements in technology, or because of the grouping or elimination of units which no longer merit separate recognition as property record units, one copy of such changes shall be submitted to the Commission. Upon appropriate showing by the company, the Commission may specifically exempt the company from these filing requirements.

(iii) The continuing property record shall reveal the description, location, date of placement, the essential details of construction, and the original cost (note also § 32.2000(f)(3) of this subpart) of the property record units. The continuing property record and other underlying records of construction costs shall be so maintained that, upon retirement of one or more retirement units or of minor items without replacement when not included in the costs of retirement units, the actual cost or a reasonably accurate estimate of the cost of the plant retired can be determined.

(3) *Methods of determining original cost of property record units.* The original cost of the property record units shall be determined by analyses of the construction costs incurred as shown by completion reports and other data, accumulated in the respective construction work orders or authorizations. Costs shall be allocated

to and associated with the property record units to facilitate accounting for retirements. The original cost of property record units shall be determined by unit identification or averaging as described in paragraphs (f)(3) (i) and (ii) of this section.

(i) *Unit identification.* Cost shall be identified and maintained by specific location for property record units contained within certain regulated plant accounts or account groupings such as Land, Buildings, Central Office Assets, Motor Vehicles, Garage Work Equipment, and Furniture. In addition, units involved in any unusual or special type of construction shall be recorded by their specific location costs (note also § 32.2000(f)(3)(ii)(B) of this subpart.

(ii) *Averaging.* (A) Average costs may be developed for plant consisting of a large number of similar units such as terminal equipment, poles, wire, cable, cable terminals, conduit, furniture, and work equipment. Units of similar size and type within each specified accounting area and regulated plant account may be grouped. Each such average cost shall be set forth in the continuing property record of the units with which it is associated.

(B) The averaging of costs permitted under the provisions of the foregoing paragraph is restricted to plant installed in a particular vintage or band of years incurred within an accounting area. This paragraph does not permit the inclusion of the cost of units involved in any unusual or special type of construction. The units involved in such unusual or special type of construction shall be recorded at cost by location.

(4) *Estimates.* In cases where the actual original cost of property cannot be ascertained, such as pricing an inventory for the initial entry of a continuing property record or the pricing of an acquisition for which a continuing property record has not been maintained, the original cost may be estimated. Any estimated original cost shall be consistent with the accounting practices in effect at the time the property was constructed.

(5) *Identification of property record units.* There shall be shown in the continuing property record or in record supplements thereof, a complete description of the property records units in such detail as to identify such units. The description shall include the identification of the work order under which constructed, the year of installation (unless not determinable per § 32.2000(f)(4) of this subpart, specific location of the property within each accounting area in such manner that it can be readily spot-checked for proof of physical existence, the accounting

company's number or designation, and any other description used in connection with the determination of the original cost. Descriptions of units of similar size and type shall follow prescribed groupings.

(6) *Reinstalled units.* When units to which average costs are not applied, i.e., specific and fixed location units, are removed or retired and subsequently reinstalled, the date when the unit was first charged to the appropriate plant account shall be shown in addition to the date of reinstallation for adequate service life studies and accurate accounting for retirements.

(7) *Age and service life of property.* The continuing property record shall disclose the age of existing property and the supporting records shall disclose the service life of property retired. Exceptions from this requirement for any property record unit shall be submitted to the Commission for approval.

(8) *Reference to sources of information.* There shall be shown by appropriate reference the source of all entries. All drawings, computations, and other detailed records which support quantities and costs or estimated costs shall be retained as a part of or in support of the continuing property record.

(9) *Jointly owned property.* (i) With respect to jointly owned property, there shall be shown in the continuing property record or records supplemental thereto:

(A) The identity of all joint owners.

(B) The percentage owned by the accounting company.

(ii) When regulated plant is constructed under arrangements for joint ownership, the amount received by the constructing company from the other joint owner or owners shall be credited as a reduction of the gross cost of the plant in place.

(iii) When a sale of a part interest in regulated plant is made, the fractional interest sold shall be treated as a retirement and the amount received shall be treated as salvage. The continuing property record or records supplemental thereto shall be so maintained as to identify separately retirements of this nature from physical retirements of jointly owned plant.

(iv) If jointly owned regulated property is substantial in relation to the total of the same kind of regulated property owned wholly by the company, such jointly owned regulated property shall be appropriately segregated in the continuing property record.

(g) *Depreciation accounting—(1) Computation of depreciation rates.* (i)



Unless otherwise provided by the Commission, either through prior approval or upon prescription by the Commission, depreciation percentage rates shall be computed in conformity with a group plan of accounting for depreciation and shall be such that the loss in service value of the property, except for losses excluded under the definition of depreciation, may be distributed under the straight-line method during the service life of the property.

(ii) In the event any composite percentage rate becomes no longer applicable, revised composite percentage rates shall be computed in accordance with paragraph (g)(1)(i) of this section.

(iii) The company shall keep such records of property and property retirements as will allow the determination of the service life of property which has been retired, or facilitate the determination of service life indications by mortality, turnover, or other appropriate methods. Such records will also allow the determination of the percentage of salvage value and cost of removal for property retired from each class of depreciable plant.

(2) *Depreciation charges.* (i) A separate annual percentage rate for each depreciation category of telecommunications plant shall be used in computing depreciation charges.

(ii) Companies, upon receiving prior approval from this Commission, or, upon prescription by this Commission, shall apply such depreciation rate, except where provisions of paragraph (g)(2)(iv) of this section apply, as will ratably distribute on a straight line basis the difference between the net book cost of a class or subclass of plant and its estimated net salvage during the known or estimated remaining service life of the plant.

(iii) Charges for currently accruing depreciation shall be made monthly to the appropriate depreciation accounts, and corresponding credits shall be made to the appropriate depreciation reserve accounts. Current monthly charges shall normally be computed by the application of one-twelfth of the annual depreciation rate to the monthly average balance of the associated category of plant. The average monthly balance shall be computed using the balance as of the first and last days of the current month.

(iv) In certain circumstances and upon prior approval of this Commission, monthly charges may be determined in total or in part through the use of other methods whereby selected plant balances or portions thereof are ratably distributed over periods prescribed by

this Commission. Such circumstances could include but not be limited to factors such as the existence of reserve deficiencies or surpluses, types of plant that will be completely retired in the near future, and changes in the accounting for plant. Where alternative methods have been used in accordance with this subparagraph, such amounts shall be applied separately or in combination with rates determined in accordance with paragraph (g)(2)(ii) of this section.

(3) *Acquired depreciable plant.* When acquired depreciable plant carried in Account 1439, *Deferred Charges*, is distributed to the appropriate plant accounts, adjusting entries shall be made covering the depreciation charges applicable to such plant for the period during which it was carried in Account 1439.

(4) *Plant Retired for Nonrecurring Factors not Recognized in Depreciation Rates.*

(i) A retirement will be considered as nonrecurring (extraordinary) only if the following criteria are met:

(A) The impending retirement was not adequately considered in setting past depreciation rates.

(B) The charging of the retirement against the reserve will unduly deplete that reserve.

(C) The retirement is unusual such that similar retirements are not likely to recur in the future.

(5) Upon direction or approval from this Commission, the company shall credit Account 3100, *Accumulated Depreciation*, and charge Account 1438, *Deferred Maintenance and Retirements*, with the unprovided-for loss in service value. Such amounts shall be distributed from Account 1438 to Account 6561, *Depreciation Expense—Telecommunications Plant in Service*, or Account 6562, *Depreciation Expense—Property Held for Future Telecommunications Use*, over such period as this Commission may direct or approve.

(h) *Amortization accounting.* (1) Unless otherwise provided by this Commission, either through approval, or upon prescription by this Commission, amortization shall be computed on the straight-line method, i.e., equal annual amounts shall be applied. The cost of each type asset shall be amortized on the basis the estimated life of that asset and shall not be written off in the accounting period in which the asset is acquired. A reasonable estimate of the useful life may be based on the upper or lower limits even though a fixed existence is not determinable. However, the period of amortization shall not exceed forty years.

(2) In the event any estimated useful life becomes no longer applicable, a revised estimated useful life shall be determined in accordance with paragraph (h)(1) of this section.

(3) Amortization charges shall be made monthly to the appropriate amortization expense accounts and corresponding credits shall be made to the appropriate amortization reserve accounts. Monthly charges shall be computed by the application of one-twelfth to the annual amortization amount.

(4) The company shall keep such records as will allow the determination of the useful life of the asset.

(i) *Accounting for software.* The original cost of initial operating system software for computers shall be classified to the same account as the associated hardware whether acquired separately or in conjunction with the associated hardware.

(j) *Plant Accounts to be Maintained by Class A and Class B telephone companies as indicated:*

| Account title   | Class A account | Class B account |
|---|-----------------|-----------------|
| <b>REGULATED PLANT</b>                                      |                 |                 |
| Property, plant and equipment:                              |                 |                 |
| Telecommunications plant in service.....                    | 1,2001          | 1,2001          |
| Property held for future telecommunications use.....        | 2,002           | 2,002           |
| Telecommunications plant under construction—short term..... | 2,003           | 2,003           |
| Telecommunications plant under construction—long term.....  | 2,004           | 2,004           |
| Telecommunications plant adjustment.....                    | 2,005           | 2,005           |
| Nonoperating plant.....                                     | 2,006           | 2,006           |
| Goodwill.....   | 2,007           | 2,007           |
| <b>TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)</b>           |                 |                 |
| TPIS—General support assets:                                |                 |                 |
| Land and support assets.....                                |                 | 2,110           |
| Land.....   | 2,111           |                 |
| Motor vehicles.....   | 2,112           |                 |
| Aircraft.....   | 2,113           |                 |
| Special purpose vehicles.....                               | 2,114           |                 |
| Garage work equipment.....                                  | 2,115           |                 |



| Account title                                    | Class A account | Class B account |
|--|-----------------|-----------------|
| Other work equipment.....                        | 2,116           |                 |
| Buildings.....                                   | 2,121           |                 |
| Furniture.....                                   | 2,122           |                 |
| Office equipment..                               | 2,123           |                 |
| General purpose computers.....                   | 2,124           |                 |
| TPIS—Central Office assets:                      |                 |                 |
| Central Office—Switching.....                    |                 | 2,210           |
| Analog electronic switching.....                 | 2,211           |                 |
| Digital electronic switching.....                | 2,212           |                 |
| Electro-mechanical switching.....                | 2,215           |                 |
| Operator systems.....                            | 2,220           | 2,220           |
| Central Office—Transmission.....                 |                 | 2,230           |
| Radio systems.....                               | 2,231           |                 |
| Circuit equipment.....                           | 2,232           |                 |
| TPIS—Information origination/termination assets: |                 |                 |
| Information origination/termination.....         |                 | 2,310           |
| Station apparatus.....                           | 2,311           |                 |
| Customer premises wiring.....                    | 2,321           |                 |
| Large private branch exchanges.....              | 2,341           |                 |
| Public telephone terminal equipment.....         | 2,351           |                 |
| Other terminal equipment.....                    | 2,362           |                 |
| TPIS—Cable and wire facilities assets:           |                 |                 |
| Cable and wire facilities.....                   |                 | 2,410           |
| Poles.....                                       | 2,411           |                 |
| Aerial cable.....                                | 2,421           |                 |
| Underground cable.....                           | 2,422           |                 |
| Buried cable.....                                | 2,423           |                 |
| Submarine cable..                                | 2,424           |                 |
| Deep Sea cable....                               | 2,425           |                 |
| Intrabuilding network cable.....                 | 2,426           |                 |
| Aerial wire.....                                 | 2,431           |                 |
| Conduit systems....                              | 2,441           |                 |
| TPIS—Amortizable assets:                         |                 |                 |
| Amortizable tangible assets.....                 |                 | 2,680           |
| Capital leases.....                              | 2,681           |                 |
| Leasehold improvements.....                      | 2,682           |                 |
| Intangibles.....                                 | 2,690           | 2,690           |

<sup>1</sup> Balance sheet summary account only.

#### § 32.2001 Telecommunications plant in service.

This account shall include the original cost of the investment included in Accounts 2110 through 2690.

#### § 32.2002 Property held for future telecommunications use.

(a) This account shall include the original cost of property owned and held for no longer than two years under a definite plan for use in telecommunications service. If at the end of two years the property is not in service, the original cost of the property shall be transferred to Account 2006, Nonoperating Plant.

(b) Should a carrier desire to retain the property in this account for a period longer than two years, it shall request approval of this Commission. The request should include the property item in question, demonstrate that the waiver is in the public interest, and indicate, as precisely as possible, the additional time required for the property to be held in this account.

(c) Subsidiary records shall be maintained to show the character of the amounts carried in this account.

#### § 32.2003 Telecommunications plant under construction—Short term.

(a) This account shall include the original cost of construction projects designed to be completed in one year or less. (Note also § 32.2000(c) of this subpart.)

(b) There may be charged directly to the appropriate plant accounts the cost of any construction project which is estimated to be completed and ready for service within two months from the date on which the project was begun. There may also be charged directly to the plant accounts the cost of any construction project for which the gross additions to plant are estimated to amount to less than \$100,000.

(c) When the plant includable in this account is not ready for service at the end of one year, the cost of construction of the plant shall be transferred to Account 2004, Telecommunications Plant Under Construction—Long Term, without further direction or approval of this Commission. If a construction project has been suspended for six months or more, the cost of the plant includable in this account shall be transferred to Account 2004 without further direction or approval of this Commission. If a project is abandoned, the cost included in this account shall be charged to Account 7370, Special Charges.

(d) When any telecommunications plant, the cost of which has been included in this account, is completed

ready for service, the cost thereof shall be credited to this account and charged to the appropriate telecommunications plant or other accounts.

#### § 32.2004 Telecommunications plant under construction—Long term.

(a) This account shall include the original cost of construction projects designed to be completed in more than one year. (Note also § 32.2000(c) of this subpart.)

(b) There may be charged directly to the plant accounts the cost of any construction project for which the gross additions to plant are estimated to amount to less than \$100,000.

(c) If a project is abandoned, the cost included in this account shall be charged to Account 7370, Special Charges.

(d) When any telecommunications plant, the cost of which has been included in this account, is completely ready for service, the cost thereof shall be credited to this account and charged to the appropriate telecommunications plant or other accounts.

#### § 32.2005 Telecommunications plant adjustment.

(a) This account shall include amounts determined in accordance with § 32.2000(b) of this subpart representing the difference between (1) the fair market value of the telecommunications plant acquired, plus preliminary expenses incurred in connection with the acquisition; and (2) the original cost of such plant, governmental franchises and similar rights acquired, less the amounts of reserve requirements for depreciation and amortization of the property acquired. If the actual original cost is not known, the entries in this account shall be based upon an estimate of such costs.

(b) The amounts recorded in this account with respect to each property acquisition (except land and artworks) shall be disposed of, written off, or provision shall be made for the amortization thereof, as follows:

(1) Debit amounts may be charged to Account 7370, Special Charges, in whole or in part, or amortized over a reasonable period through charges to Account 7360, Other Nonoperating Income, without further direction or approval by this Commission. When specifically approved by this Commission, or when the provisions of paragraph (b)(3) of this section apply, debit amounts shall be amortized to Account 6565, Amortization Expense—Other.

(2) Credit amounts shall be disposed of in such manner as this Commission



may approve or direct, except for credit amounts referred to in paragraph (b)(3) of this section.

(3) Within one year from the date of inclusion in this account of a debit or credit amount with respect to a current acquisition, the company may dispose of the total amount from an acquisition of telephone plant by a lump-sum charge or credit, as appropriate, to Account 6565 without further approval of this Commission, provided that such amount does not exceed \$100,000 and that the plant was not acquired from an affiliated company.

#### § 32.2006 Nonoperating plant.

(a) This account shall include the company's investment in regulated property which is not includable in the plant accounts as operating telecommunications plant. It shall include the company's investment in telecommunications property held for sale. (Note also Account 1406, Nonregulated Investments.)

(b) Subsidiary records shall be maintained to show the character of the amounts carried in this account.

#### § 32.2007 Goodwill.

(a) This account shall include any portion of the plant purchase price that cannot be assigned to specifically identifiable property acquired and such amount should be identified as "goodwill". Such amounts included in this account shall be amortized to Account 7360, Other Nonoperating Income, on a straight line basis over the remaining life of the acquired plant, not to exceed 40 years.

(b) The amounts included in this account shall be maintained to show the nature of each amount.

#### § 32.2110 Land and support assets.

This account shall be used by Class B companies to record the original cost of land and support assets of the type and character required of Class A companies in Accounts 2111 through 2124.

#### § 32.2111 Land.

(a) This account shall include the original cost of all land held in fee and of easements, and similar rights in land having a term of more than one year used for purposes other than the location of outside plant (see Accounts 2411 through 2441) or externally mounted central office equipment (see Accounts 2211 and 2212). It shall also include special assessments upon land for the construction of public improvements.

(b) When land, together with buildings thereon, is acquired, the original cost shall be fairly apportioned between the

land and the buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of buildings, the total cost of the land and buildings shall be accounted for as the cost of the land, and the salvage value of the buildings when disposed of shall be deducted from the cost of the land so determined.

(c) Annual or more frequent payments for use of land shall be recorded in the rent subsidiary record category for Account 6121, Land and Building Expense.

(d) When land is acquired for which there is not a definite plan for its use in telecommunications service, its costs shall be included in Account 2006, Nonoperating Plant.

(e) When land is acquired in excess of that required for telecommunications purposes, the cost of such excess land shall be included in Account 2006.

(f) Installments of assessments for public improvement, including interest, if any, which are deferred without option to the company shall be included in this account only as they become due and payable. Interest on assessments which are not paid when due shall be included in Account 7540, Other Interest Deductions.

(g) When land is purchased for immediate use in a construction project, its cost shall be included in Account 2003, Telecommunications Plant Under Construction—Short Term, or Account 2004, Telecommunications Plant Under Construction—Long Term, as appropriate, until such time as the project involved is completed and ready for service.

(h) The original cost of leaseholds, easements, rights of way, and similar rights in land having a term of more than one year and not includable in Account 2111 shall be included in the accounts for outside plant or externally mounted central office equipment in connection with which the rights were acquired.

#### § 32.2112 Motor vehicles.

This account shall include the original cost of motor vehicles of the type which are designed and routinely licensed to operate on public streets and highways.

#### § 32.2113 Aircraft.

This account shall include the original cost of aircraft and any associated equipment and furnishings installed as an integral part of the aircraft.

#### § 32.2114 Special purpose vehicles.

This account shall include the original cost of special purpose vehicles.

#### § 32.2115 Garage work equipment.

This account shall include the original cost of tools and equipment used to maintain items included in Accounts 2112 through 2116.

#### § 32.2116 Other work equipment.

This account shall include the original cost of power operated equipment, general purpose tools and other items of work equipment.

#### § 32.2121 Buildings.

(a) This account shall include the original cost of buildings, and the cost of all permanent fixtures, machinery, appurtenances and appliances installed as a part thereof. It shall include costs incident to the construction or purchase of a building and to securing possession and title.

(b) When land, together with the buildings thereon, is acquired, the original cost shall be fairly apportioned between the land and buildings, and the amount applicable to the buildings shall be included in this account. The amount applicable to the land shall be included in Account 2111, Land.

(c) This account shall not include the cost of any telephone equipment or wiring apparatus for generating or controlling electricity for operating the telephone system.

#### § 32.2122 Furniture.

This account shall include the original cost of furniture in offices, storerooms, shops, and all other quarters. This account shall also include the cost of objects which possess aesthetic value, are of original or limited edition, and do not have a determinable useful life. The cost of any furniture attached to and constituting a part of a building shall be charged to account 2121, Buildings.

#### § 32.2123 Office equipment.

(a) This account shall include the original cost of office equipment in offices, shops and all other quarters. The cost of any equipment attached to and constituting a part of a building shall be charged to Account 2121, Buildings.

(b) Office Equipment shall be maintained by the following subaccounts:

- 2123.1 Office Support Equipment
- 2123.2 Company Communications Equipment

#### § 32.2124 General purpose computers.

(a) This account shall include the original cost of computers and peripheral devices which are designed to perform general administrative information processing activities.

(b) Administrative information processing includes but is not limited to



activities such as the preparation of financial, statistical, or other business analytical reports; preparation of payroll, customer bills, and cash management reports, and other records and reports not specifically designed for testing, diagnosis, maintenance or control of the telecommunications network facilities.

(c) This account shall include the original cost of initial operating system software for computers classifiable to this account whether acquired separately or in conjunction with associated hardware.

(d) This account does not include the cost of computers, their associated peripheral devices, and their initial operating system software associated with switching, network signaling, network operations or other specific telecommunications plant. Such computers, peripherals, and software shall be classified to the appropriate switching, network signaling, network expense, or other plant account.

#### § 32.2210 Central office-switching.

This account shall be used by Class B companies to record the original cost of switching assets of the type and character required of Class A companies in Accounts 2211 through 2215.

#### § 32.2211 Analog electronic switching.

(a) This account shall include the original cost of stored program control analog circuit-switching and associated equipment. This account shall also include the cost of remote analog electronic circuit switches.

(b) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

#### § 32.2212 Digital electronic switching.

(a) This account shall include the original cost of stored program control digital switches and their associated equipment. Included in this account are digital switches which utilize either dedicated or non-dedicated circuits. This account shall also include the cost of remote digital electronic switches.

(b) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment

used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

#### § 32.2215 Electro-mechanical switching.

(a) This account shall include the original cost of non-electronic circuit-switching equipment. The investment in electro-mechanical switching equipment shall be maintained in the following subaccounts:

- 2215.1 Step-by-Step Switching
- 2215.2 Crossbar Switching
- 2215.3 Other Electro-Mechanical Switching

(b) *2215.1 Step-by-step switching.* This subaccount shall include the original cost of step-by-step and associated circuit-switching equipment.

(c) *2215.2 Crossbar switching.* This subaccount shall include the original cost of crossbar and associated circuit-switching equipment. Also included in this account is the cost of electronic translator system equipment used in switching.

(d) *2215.3 Other Electro-mechanical switching.* This subaccount shall include the original cost of all other types of non-electronic circuit-switching equipment such as panel systems and their associated circuit-switching equipment.

(e) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

#### § 32.2220 Operator system.

(a) This account shall include the original cost of those items of equipment used to assist subscribers in utilizing the network and equipment used in the provision of directory assistance, call intercept, and other operator assisted call completion activities.

(b) This account does not include equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment

shall be classified to the particular switch that it serves.

#### § 32.2230 Central office-transmission.

This account shall be used by Class B companies to record the original cost of radio systems and circuit equipment of the type and character required of Class A companies in Accounts 2231 and 2232.

#### § 32.2231 Radio system.

(a) This account shall include the original cost of ownership of radio transmitters and receivers. The investment in radio systems shall be maintained in the following subaccounts:

- 2231.1 Satellite and Earth Station Facilities
- 2231.2 Other Radio Facilities

(b) *2231.1 Satellite and earth station facilities.* This subaccount shall include the original cost of ownership interest in satellites (including land-side spares), other spare parts, material and supplies. It shall include launch insurance and other satellite launch costs. This subaccount shall also include the original cost of earth stations and spare parts, material or supplies therefor.

(c) *2231.2 Other radio facilities.* (1) This subaccount shall include the original cost of radio equipment used to provide radio communication channels. Radio equipment is that equipment which is used for the generation, amplification, propagation, reception, modulation, and demodulation of radio waves in free space over which communication channels can be provided. This subaccount shall also include the associated carrier and auxiliary equipment and patch bay equipment which is an integral part of the radio equipment. Such equipment may be located in central office buildings, terminal rooms, or repeater stations or may be mounted on towers, masts or other supports.

(2) This subaccount shall be maintained in order that the company may separately report the amounts contained herein that relate to cellular radio facilities, non-cellular radio facilities, and terrestrial microwave radio facilities. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

#### § 32.2232 Circuit equipment.

(a) This account shall include the original cost of equipment which is used to reduce the number of physical pairs otherwise required to serve a given number of subscribers by utilizing carrier systems, concentration stages or combinations of both. It shall include equipment that provides for



simultaneous use of a number of interoffice channels on a single transmission path. This account shall also include equipment which is used for the amplification, modulation, regeneration, circuit patching, balancing or control of signals transmitted over interoffice communications transmission channels. This account shall include equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers' communication paths or transmission channels. This account shall also include the original cost of associated material used in the construction of such plant. Circuit equipment may be located in central offices, in manholes, on poles, in cabinets or huts or at other company locations.

(b) This account excludes carrier and auxiliary equipment and patch bays which are includable in Account 2231.2, Other Radio Facilities. This account also excludes such equipment which is an integral component of a major unit which is classifiable to other accounts.

(c) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to digital and analog. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

#### § 32.2310 Information origination/ Termination.

This account shall be used by Class B companies to record the original cost of information origination/termination equipment of the type and character required of Class A companies in Accounts 2311 through 2362.

#### § 32.2311 Station apparatus.

(a) This account shall include the original cost of station apparatus, including teletypewriter equipment, telephone and miscellaneous equipment, small private branch exchanges and radio equipment (excluding mobile), installed for customer's use. Items included in this account shall remain herein until finally disposed of or until used in such manner as to warrant inclusion in other accounts.

(b) Each company shall prepare a list of station apparatus which shall be used as its list of disposition units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

(c) The cost of cross-connection boxes, distributing frames or other distribution points which are installed to terminate intrabuilding network cable shall be charged to Account 2426, Intrabuilding Network Cable.

(d) Operator head sets and transmitters in central offices and at private branch exchanges, and test sets such as those used by wire chiefs, outside plant technicians, and others, shall be included in Account 2116, Other Work Equipment, Account 2221, Operator Systems, or Account 2341, Large Private Branch Exchanges, as appropriate.

(e) Station apparatus for company official use shall be included in Account 2123, Office Equipment.

(f) An annual inventory shall be taken of all station apparatus in stock that are included in this account. The number of such station apparatus items as determined by this inventory, together with the number of all other station apparatus items included in this account, shall be compared with the corresponding number of station apparatus items as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through Account 3100, Accumulated Depreciation. Appropriate verifications shall be made at suitable intervals and necessary adjustments between this account and Account 3100 shall be made for all station apparatus included in this account.

(g) Items of station apparatus in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in Account 1220, Material and Supplies.

(h) Embedded CPE is that equipment or inventory which was tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983. This account shall be used only by companies that have been permitted to offer tariffed CPE beyond December 31, 1987. CPE inventory includes the equipment in field stock and refurbished equipment held by the carrier on January 1, 1983. To the extent that CPE equipment is not embedded, the costs shall be charged to Account 1406, Nonregulated Investment, or Account 7990, Nonregulated Net Income, as appropriate.

#### § 32.2321 Customer premises wiring.

(a) This account shall include all amounts transferred from the former

Account 232, Station Connections, inside wiring subclass.

(b) Embedded Customer Premises Wiring is that investment in customer premises wiring equipment or inventory which was capitalized prior to October 1, 1984. To the extent that customer premises inside wiring is not embedded, the costs shall be charged to Account 1406, Nonregulated Investment, or Account 7990, Nonregulated Net Income, as appropriate.

#### § 32.2341 Large private branch exchanges.

(a) This account shall include the original cost, including the cost of installation, of multiple manual private branch exchanges and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed for customers' use. This account shall also include the original cost of other large installations of station equipment: (1) Which do not constitute stations, (2) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (3) for which individual or other specialized cost records are appropriate. (Note also Account 2311, Station Apparatus.)

(b) The cost of intrabuilding network cables including their associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to Account 2426, Intrabuilding Network Cable.

(c) The cost of outside plant, whether or not on private property, used with intrabuilding, network cable shall be charged to the appropriate outside plant accounts.

(d) [Reserved]

(e) [Reserved]

(f) Private branch exchanges for company official use shall be included in Account 2123, Office Equipment.

(g) Embedded CPE is that equipment or inventory which is tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983. This account shall be used only by companies that have been permitted to offer tariffed CPE beyond December 31, 1987. CPE inventory includes the equipment in field stock and refurbished equipment held by the carrier on January 1, 1983. (Inventory of Large Private Branch Exchanges equipment is included in Account 1220, Material and Supplies.) To the extent that CPE equipment is not embedded, the costs shall be charged to Account 1406, Nonregulated Investment, or Account 7990, Nonregulated Net Income, as appropriate.



**§ 32.2351 Public telephone terminal equipment.**

(a) This account shall include the original cost of coinless, coin-operated (including public and semi-public), credit card and pay telephone installed for use by the public.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and be available to installers from locations in reasonable proximity to the location of the installed equipment.

(c) The installation cost of replacing a public telephone shall be charged to Account 6351, Public Telephone Terminal Equipment Expense.

**§ 32.2362 Other terminal equipment.**

(a) This account shall include the original cost of other Non-CPE terminal equipment not specifically provided for elsewhere and items such as specialized communications equipment provided to meet the needs of the disabled, over-voltage protection equipment, multiplexing equipment to deliver multiple channels to customers, etc.

(b) Each company shall prepare a list of other terminal equipment which shall be used as its list of retirement units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

**§ 32.2410 Cable and wire facilities.**

This account shall be used by Class B companies to record the original cost of cable and wire facilities of the type and character required of Class A companies in Accounts 2411 through 2441.

**§ 32.2411 Poles.**

This account shall include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings. This account shall also include the cost of clearing pole line routes and of tree trimming but shall exclude the cost of maintaining previously cleared routes.

**§ 32.2421 Aerial cable.**

(a) This account shall include the original cost of aerial cable and of drop and block wires served by such cable or aerial wire as well as the cost of other material used in construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic aerial cable and metallic aerial cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

**§ 32.2422 Underground cable.**

(a) This account shall include the original cost of underground cable installed in conduit and of other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic underground cable and metallic underground cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by underground cable shall be included in Account 2423, Buried Cable.

(d) The cost of cables leading from the main distributing frame or equivalent to central office equipment shall be included in the appropriate switching, transmission or other operations asset account.

**§ 32.2423 Buried cable.**

(a) This account shall include the original cost of buried cable as well as the cost of other material used in the construction of such plant. This account shall also include the cost of trenching for and burying cable run in conduit not classifiable to Account 2441, Conduit

Systems. Subsidiary record categories, as defined below, are to be maintained for nonmetallic buried cable and metallic buried cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

**§ 32.2424 Submarine cable.**

(a) This account shall include the original cost of submarine cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic submarine cable and metallic submarine cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

**§ 32.2425 Deep sea cable.**

(a) This account includes the original cost of deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic deep sea cable and metallic deep sea cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the



transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

**§ 32.2426 Intrabuilding network cable.**

(a) This account shall include the original cost of cables and wires located on the company's side of the demarcation point or standard network interface inside subscribers' buildings or between buildings on one customer's same premises. Intrabuilding network cables are used to distribute network access facilities to equipment rooms, cross-connection or other distribution points at which connection is made with customer premises wiring. Subsidiary record categories, as defined below, are to be maintained for nonmetallic intrabuilding network cable and metallic intrabuilding network cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) Intrabuilding network cable does not include the cost of cables or wires which are classifiable as network terminating wire, nor the cables or wires from the demarcation point or standard network interface to subscribers' stations.

**§ 32.2431 Aerial wire.**

(a) This account shall include the original cost of bare line wire and other material used in the construction of such plant.

(b) The cost of permits and privileges for the construction of cable and wire

facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by aerial wire shall be included in Account 2421, Aerial Cable.

**§ 32.2441 Conduit systems.**

(a) This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of protective covering for buried cable shall be charged to Account 2423, Buried Cable, as appropriate, unless such protective covering is reusable in place. The amounts thus charged shall be included in the nonmetallic buried cable or metallic buried cable subsidiary record category, as appropriate.

(d) The cost of pipes or other protective covering for underground drop and block wires shall be included in Account 2421, Aerial Cable, or Account 2423, Buried Cable, as appropriate. The amounts thus charged shall be included in the nonmetallic or metallic subsidiary record category, as appropriate.

**§ 32.2680 Amortizable tangible assets.**

This account shall be used by Class B carriers to record amounts for property acquired under capital leases and the original cost of leasehold improvements of the type of character required of Class A companies in Accounts 2681 and 2682.

**§ 32.2681 Capital leases.**

(a) This account shall include all property acquired under a capital lease. A lease qualifies as a capital lease when one or more of the following criteria is met:

(1) By the end of the lease term, ownership of the leased property is transferred to the lessee.

(2) The lease contains a bargain purchase option.

(3) The lease term is substantially (75% or more) equal to the estimated useful life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use,

this criterion shall not be used for purposes of classifying the lease.

(4) At the inception of the lease, the present value of the minimum lease payments, excluding that portion of the payments representing executory costs to be paid by the lessor, including any profit thereon, equals or exceeds 90% or more of the fair value of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(b) All other leases are operating leases.

(c) The amounts recorded in this account at the inception of a capital lease shall be equal to the original cost, if known, or to the present value not to exceed fair value, at the beginning of the lease term, of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs to be paid by the lessor, together with any profit thereon.

**§ 32.2682 Leasehold improvements.**

(a) This account shall include the original cost of leasehold improvements made to telecommunications plant held under a capital or operating lease, which are subject to amortization treatment. This account shall also include those improvements which will revert to the lessor.

(b) Improvements to leased telecommunications plant which are of a relatively minor cost or short life or for which the period of the lease is one year or less shall be charged to the account chargeable with the cost of repairs to such plant.

(c) Amounts contained in this account shall be amortized over the term of the related lease.

**§ 32.2690 Intangibles.**

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Subsidiary records for this account shall include a description of each class of intangible property.

(c) The cost of other intangible assets having a life of one year or less shall be charged directly to Account 6564, Amortization Expense-Intangible. Such intangibles acquired at small cost may



also be charged to Account 6564, irrespective of their term of life.

(d) This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale or resale of capital stock.

(e) When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies concerned shall not be carried over.

(f) Franchise taxes payable annually or more frequently shall be charged to Account 7240, Operating Other Taxes.

(g) This account shall not include the cost of plant, material and supplies, or equipment furnished to municipalities or other governmental authorities when given other than as initial consideration for franchises or similar rights. (Note also Account 6728, Other General & Administrative.)

(h) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2111, Land, or in the appropriate outside plant account (see Accounts 2411 through 2441), or in the appropriate central office account (see Accounts 2211 through 2232).

**§ 32.3000 Instructions for Balance Sheet accounts—Depreciation and amortization.**

(a) Depreciation and Amortization Subsidiary Records:

(1) Subsidiary record categories shall be maintained for each class of depreciable telecommunications plant in Account 3100 for which there is a prescribed depreciation rate. (See also § 32.2000(g)(1)(iii) of this subpart.)

(2) Subsidiary records shall be maintained for Accounts 3400, 3410, 3420, 3500 and 3600 in accordance with § 32.2000(h)(4) of this subpart.

(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated:

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| Depreciation and amortization:                                       |                 |                 |
| Accumulated depreciation.....  | \$3,100         | \$3,100         |
| Accumulated depreciation—Held for future telecommunications use..... | 3,200           | 3,200           |
| Accumulated depreciation—Nonoperating.....                           | 3,300           | 3,300           |
| Accumulated amortization—Tangible.....                               |                 | 3,400           |
| Accumulated amortization—Capitalized leases.....                     | 3,410           |                 |

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| Accumulated amortization—Leasehold improvements..... | 3,420           |                 |
| Accumulated amortization—Intangible.....             | 3,500           | 3,500           |
| Accumulated amortization—Other.....                  | 3,600           | 3,600           |

**§ 32.3100 Accumulated depreciation.**

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2001, Telecommunications Plant in Service.

(b) This account shall be credited with depreciation amounts concurrently charged to Account 6561, Depreciation Expense—Telecommunications Plant in Service. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) At the time of retirement of depreciable operating telecommunications plant, this account shall be charged with the original cost of the property retired plus the cost of removal and credited with the salvage value and any insurance proceeds recovered.

(d) This account shall be credited with amounts charged to Account 1438, Deferred Maintenance and Retirements, as provided in § 32.2000(g)(4) of this subpart. This account shall be credited with amounts charged to Account 6561 with respect to other than relatively minor losses in service values suffered through terminations of service when charges for such terminations are made to recover the losses.

**§ 32.3200 Accumulated depreciation—held for future telecommunications use.**

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2002, Property Held for Future Telecommunications Use.

(b) This account shall be credited with amounts concurrently charged to Account 6562, Depreciation Expense—Property Held for Future Telecommunications Use.

**§ 32.3300 Accumulated depreciation—nonoperating.**

(a) This account shall include the accumulated amortization and depreciation associated with the investment contained in Account 2006, Nonoperating Plant.

(b) This account shall be credited with amortization and depreciation amounts concurrently charged to Account 7460, Other Nonoperating Income.

(c) When nonoperating plant not previously used in telecommunications service is disposed of, this account shall be charged with the amount previously

credited hereto with respect to such property and the book cost of the property so retired less the amount chargeable to this account and less the value of the salvage recovered or the proceeds from the sale of the property shall be included in Account 7350, Gains or Losses on Disposition of Certain Property. In case the property had been used in telecommunications service previous to its inclusion in Account 2006, Nonoperating Plant, the amount accrued for depreciation thereon after its retirement from telecommunications service shall be charged to this account and credited to Account 3100, Accumulated Depreciation, and the accounting for its retirement from Account 2006 shall be in accordance with that applicable to telecommunications plant retired.

**§ 32.3400 Accumulated amortization—tangible.**

This account shall be used by Class B companies to record accumulated amortization of the type and character required of Class A companies in Accounts 3410 and 3420.

**§ 32.3410 Accumulated amortization—capitalized leases.**

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2681, Capital Leases.

(b) This account shall be credited with amounts for the amortization of capital leases concurrently charged to Account 6563, Amortization Expense—Tangible. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) When any item carried in Account 2681 is sold, is relinquished, or is otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited to Account 7160, Other Operating Gains and Losses, or Account 7360, Other Nonoperating Income, as appropriate.

**§ 32.3420 Accumulated amortization—leasehold improvements.**

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2682, Leasehold Improvements.

(b) This account shall be credited with amounts for the amortization of leasehold improvements concurrently charged to Account 6563, Amortization Expense—Tangible. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) When any item carried in Account 2682 is sold, is relinquished, or is otherwise retired from service, this



account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited to Account 7360, Other Nonoperating Income.

**§ 32.3500 Accumulated amortization—intangible.**

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2690, Intangibles.

(b) This account shall be credited with amortization amounts concurrently charged to Account 6564, Amortization Expense—Intangible. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) When any item carried in Account 2690 is sold, relinquished, or otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited Account 7360, Other Nonoperating Income.

**§ 32.3600 Accumulated amortization—other.**

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2005, Telecommunications Plant Adjustment.

(b) This account shall be credited with amortization amounts concurrently charged to Account 6565, Amortization Expense—Other. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) When any item carried in Account 2005 is sold, relinquished, or otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited Account 7360, Other Nonoperating Income.

**§ 32.4000 Instructions for balance sheet accounts—liabilities and stockholders' equity.**

Liabilities and Stockholders' Equity Accounts to be Maintained by Class A and Class B telephone companies:

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| <b>Current liabilities:</b>                                |                 |                 |
| Accounts payable.....                                      | 4010            | 4010            |
| Notes payable.....   | 4020            | 4020            |
| Advance billing and payments.....                          | 4030            | 4030            |
| Customer's deposits.....                                   | 4040            | 4040            |
| Current maturities—long-term debt.....                     | 4050            | 4050            |
| Current maturities—capital leases.....                     | 4060            | 4060            |
| Income taxes—accrued.....                                  | 4070            | 4070            |
| Other taxes—accrued.....                                   | 4080            | 4080            |
| <b>Net Current Deferred Operating Income Taxes.....</b>    | <b>4100</b>     | <b>4100</b>     |
| <b>Net Current Deferred Nonoperating Income Taxes.....</b> | <b>4110</b>     | <b>4110</b>     |
| Other accrued liabilities.....                             | 4120            | 4120            |
| Other current liabilities.....                             | 4130            | 4130            |
| <b>Long-term debt:</b>                                     |                 |                 |
| Funded debt.....   | 4210            | 4210            |
| Premium on long-term debt.....                             | 4220            | 4220            |

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| Discount on long-term debt.....                                | 4230            | 4230            |
| Reacquired debt.....   | 4240            | 4240            |
| Obligations under capital leases.....                          | 4250            | 4250            |
| Advances from affiliated companies.....                        | 4260            | 4260            |
| Other long-term debt.....                                      | 4270            | 4270            |
| <b>Other liabilities and deferred credits:</b>                 |                 |                 |
| Other long-term liabilities.....                               | 4310            | 4310            |
| Unamortized operating investment tax credits—net.....          | 4320            | 4320            |
| Unamortized nonoperating investment tax credits—net.....       | 4330            | 4330            |
| Net noncurrent deferred operating income taxes.....            | 4340            | 4340            |
| Net noncurrent deferred nonoperating income taxes.....         | 4350            | 4350            |
| Other deferred credits.....                                    | 4360            | 4360            |
| Other jurisdictional liabilities and deferred credits—net..... | 4370            | 4370            |
| <b>Stockholders' equity:</b>                                   |                 |                 |
| Capital stock.....   | 4510            | 4510            |
| Additional paid-in capital.....                                | 4520            | 4520            |
| Treasury stock.....  | 4530            | 4530            |
| Other capital.....   | 4540            | 4540            |
| Retained earnings.....   | 4550            | 4550            |

**§ 32.4010 Account payable.**

(a) This account shall include all amounts currently due to others for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts. It shall also include amounts of taxes payable that have been withheld from employees' salaries.

(b) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) There shall be included herein accounts payable arising from sharing of revenues.

**§ 32.4020 Notes payable.**

(a) This account shall include the face amount of notes, drafts, and other evidences of indebtedness issued or assumed by the company (except interest coupons) which are payable on demand or not more than one year or less from date of issue.

(b) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) If any part of an obligation, otherwise includable in this account matures more than one year from date of issue, it shall be included in Account 4210, Funded Debt, 4260, Advances from

Affiliated Companies, or other appropriate account.

(d) The records supporting the entries to this account shall be kept so that the company can furnish complete details as to each note, when it is issued, the consideration received, and when it is payable.

**§ 32.4030 Advance billing and payments.**

This account shall include the amount of advance billing creditable to revenue accounts in future months; also advance payments made by prospective customers prior to the establishment of service. Amounts included in this account shall be credited to the appropriate revenue accounts in the months in which the service is rendered or cleared from this account as refunds are made.

**§ 32.4040 Customers' deposits.**

(a) This account shall include the amount of cash deposited with the company by customers as security for the payment for telecommunications service.

(b) Advance payments made by prospective customers prior to the establishment of service shall be credited to Account 4030, Advance Billing and Payments.

**§ 32.4050 Current maturities—long-term debt.**

This account shall include the amount (including any obligations for premiums) of long-term debt matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

**§ 32.4060 Current maturities—capital leases.**

This account shall include the current portion of obligations applicable to property obtained under capital leases.

**§ 32.4070 Income taxes—accrued.**

(a) This account shall be credited or charged and the following accounts shall be charged or credited with the offsetting amount of current year income taxes (Federal, state and local) accrued during the period or adjustments to prior accruals:

|      |  |
|------|--|
| 7220 | Operating Federal Income Taxes                       |
| 7230 | Operating State and Local Income Taxes               |
| 7420 | Nonoperating Federal Income Taxes                    |
| 7430 | Nonoperating State and Local Income Taxes            |
| 7630 | Current Income Tax Effect of Extraordinary Items—Net |



(b) If significant, current year income taxes paid in advance shall be reclassified to Account 1300, Prepaid Taxes.

**§ 32.4080 Other taxes—accrued.**

(a) This account shall be credited or charged and Account 7240, Operating Other Taxes, or 7440, Nonoperating Other Taxes, or, for payroll related costs, the appropriate expense accounts shall be charged or credited for all taxes, other than Federal, State and local income taxes, accrued or adjusted for previous accruals during the period. Among the taxes includable in this account are property, gross receipts, franchise, capital stock, social security and unemployment taxes.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1300, Prepaid Taxes, or 1410, Other Noncurrent Assets, as appropriate.

**§ 32.4100 Net current deferred operating income taxes.**

(a) This account shall include the balance of income tax expense related to current items from regulated operations which have been deferred to later periods as a result of the normalized method of accounting for tax differentials authorized by this Commission and not provided for elsewhere.

(b) As regulated assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4340, Net Noncurrent Deferred Operating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being debited or credited to Account 7250, Provision For Deferred Operating Income Taxes—Net, in accordance with that account's description and Section 32.22 of Subpart B.

(d) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the tax timing difference.

(e) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.4110 Net current deferred nonoperating income taxes.**

(a) This account shall include the balance of income tax expense resulting from comprehensive interpreted tax allocation which has been deferred to later periods.

(b) As other assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being credited or debited to Account 7450, Provision For Deferred Nonoperating Income Taxes—Net, in accordance with that account's description and § 32.22 of Subpart B.

(d) This account shall also include the balance of the income taxes (Federal, state and local) related to current extraordinary items which have been deferred to later periods resulting from comprehensive interperiod tax allocation.

(e) As the extraordinary item which generated the deferred income tax becomes current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(f) This account shall be debited or credited with the amount being credited and debited to Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround.

(h) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.4120 Other accrued liabilities.**

(a) This account shall include the amount of wages, compensated absences, interest on indebtedness of the company, dividends on capital stock, and rents accrued to the date for which the balance sheet is made, but not payable until after that date.

(b) This account shall be maintained so as to show separately the amount

and nature of the items accrued to the date of the balance sheet.

(c) Matured rents, dividends and interest shall be included in Account 4010, Accounts Payable.

(d) Interest payable under monthly settlements on short-term loans, advances, and open accounts shall be included in Account 4010.

**§ 32.4130 Other current liabilities.**

This account shall include liabilities of current character which are not includable in Accounts 4010 through 4120.

**§ 32.4210 Funded debt.**

(a) This account shall include the total face amount of unmatured debt, maturing more than one year from date of issue, issued by the company and not retired, and the total face amount of similar unmatured debt of other companies, the payment of which has been assumed by the company, including funded debt the maturity of which has been extended by specific agreement.

(b) This account shall include such items as mortgage bonds, collateral trust bonds, income bonds, convertible debt, debt securities with detachable warrants and other similar obligations maturing more than one year from date of issue.

(c) In the case of debt securities with detachable warrants this account shall include only the face amount of the security at the time of issuance. The value of detachable warrants shall be charged to either Account 4220, Premium on Long-Term Debt, or Account 4230, Discount on Long-Term Debt, as appropriate, and credited to Account 4520, Additional Paid-in Capital, in the case of capital stock warrants or retained in this account as a separately identifiable amount in the case of detachable long-term debt warrants. No similar allocation shall be made for the issuance of either convertible debt or debt securities with non-detachable warrants.

(d) Subsidiary records shall be maintained for each issue.

(e) Securities maturing in one year or less, including securities maturing serially, shall be included in Account 4050, Current Maturities—Long-Term Debt.

(f) Investment advances, including those represented by notes, shall be included in Account 4270, Other Long-Term Debt.

**§ 32.4220 Premium on long-term debt.**

(a) This account shall include the premium associated with all classes of



long-term debt. Premium, as applied to securities issued or assumed by the company, means the excess of the current money value received at their sale over the sum of their book or face amount and interest or dividends accrued at the date of the sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and credited to Account 7510, Interest on Funded Debt. (Note also § 32.4210(c) of this subpart.)

(c) Subsidiary records shall be maintained to identify the premium attributable to each issue.

**§ 32.4230 Discount on long-term debt.**

(a) This account shall include the discount associated with all classes of long-term debt. Discount, as applied to securities issued or assumed by the company, means the excess of the book or face amount of the securities plus interest or dividends accrued at the date of the sale over the current money value of the consideration received at their sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and charged to Account 7510, Interest On Funded Debt. (Note also § 32.4210(c) of this subpart.)

(c) Subsidiary records shall be maintained to identify the discount attributable to each issue.

**§ 32.4240 Recquired debt.**

This account shall include the face amount of debt reacquired prior to maturity that has not been retired. Gain or loss shall be recognized at the time of reacquisition by credits or charges to Account 7360, Other Nonoperating Income, except that material gains or losses shall be treated as extraordinary. (See Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges.)

**§ 32.4250 Obligations under capital leases.**

(a) This account shall include the noncurrent portion of obligations applicable to property obtained under capital leases.

(b) Amounts subject to current settlement shall be included in Account 4060, Current Maturities—Capital Leases.

**§ 32.4260 Advances from affiliated companies.**

(a) This account shall include the amount of advance from affiliated companies.

(b) Amounts due affiliated companies which are subject to current settlement shall be included in Account 4010 or 4020, as appropriate.

**§ 32.4270 Other long-term debt.**

This account shall include long-term debt not provided for elsewhere.

**§ 32.4310 Other long-term liabilities.**

(a) This account shall include amounts accrued to provide for such items as unfunded pensions (if actuarially determined), death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere.

(b) Subsidiary records shall be maintained to identify the nature of the items included herein.

**§ 32.4320 Unamortized operating investment tax credits—net.**

(a) This account shall be credited and Account 7210, Operating Investment Tax Credits—Net, should be debited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

(b) This account shall be debited and Account 7210 credited with a proportionate amount determined in relation to the period of time used for computing book depreciation on the property to which the tax credit relates.

**§ 32.4330 Unamortized nonoperating investment tax credits—net.**

(a) This account shall be credited and Account 7410, Nonoperating Investment Tax Credits—Net, shall be debited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be debited and Account 7410 credited with a proportionate amount determined in relation to the useful book life of the property to which the tax credit relates.

**§ 32.4340 Net noncurrent deferred operating income taxes.**

(a) This account shall include the balance of income tax expense related to noncurrent items from regulated operations which have been deferred to later periods as a result of comprehensive interperiod tax allocation related to timing differences that arise from regulated operations.

(b) This account shall be credited or debited, as appropriate, and Account 7250, Provision for Deferred Operating Income Taxes—Net, shall reflect the offset for the tax effect of revenues and expenses from regulated operations which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of revenues and expenses from regulated operations which have

been included in the determination of book income prior to the inclusion in the determination of taxable income.

(c) As regulated assets or liabilities which generated the prepaid income tax or deferred income tax are reclassified from long-term or noncurrent status to current status, the appropriate deferred income tax shall be reclassified from this account to Account 4100, Net Current Deferred Operating Income Taxes.

(d) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the tax timing difference.

(e) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.4350 Net noncurrent deferred nonoperating income taxes.**

(a) This account shall include the balance of income tax expense (Federal, state and local) that has been deferred to later periods as a result of comprehensive interperiod allocation related to nonoperating timing differences.

(b) This account shall be credited or debited, as appropriate, and Account 7450, Provision for Deferred Nonoperating Income Taxes—Net, shall reflect the offset for the tax effect of revenues from other operations and extraordinary items and nonoperating expenses which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of nonoperating expenses and extraordinary items and nonoperating income which have been included in the determination of book income prior to the inclusion in the determination of taxable income.

(c) As other assets or liabilities which generated the prepaid income tax or deferred income tax are reclassified from long-term or non-current status to current status, the appropriate deferred income tax shall be reclassified from this account to account 4110, Net Current Deferred Nonoperating Income Taxes.

(d) This account shall also include the balance of the income tax effect (Federal, State and local) related to



noncurrent extraordinary items which have been included in the determination of taxable income in a period different from when it is included in the determination of book income, that is, more than one year.

(e) This account shall be charged or credited with the contra amount recorded to Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net, in accordance with Section 32.22 of Subpart B.

(f) As the extraordinary item which generated the deferred income tax becomes current, the appropriate deferred income tax shall be reclassified from this account to Account 4110, Net Current Deferred Nonoperating Income Taxes.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the tax timing difference.

(h) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

#### § 32.4360 Other deferred credits.

This account shall include the amount of all deferred credits not provided for elsewhere, such as amounts awaiting adjustment between accounts; and revenue, expense, and income items in suspense.

#### § 32.4370 Other jurisdictional liabilities and deferred credits—net.

This account shall include the cumulative impact on liabilities and deferred credits of the jurisdictional ratemaking practices which vary from those of this Commission. All entries recorded in this account shall be recorded net of any applicable income tax effects and shall be supported by appropriate subsidiary records where necessary as provided for in § 32.13 of Subpart B.

#### § 32.4510 Capital stock.

(a) This account shall include the par value, stated amount, or in the case of no-par stock, the amount received for capital stock issued and outstanding.

(b) Subsidiary records shall be maintained so as to show separately each class of stock.

(c) This account shall be charged with the book amount of any stock retired.

#### § 32.4520 Additional paid-in capital.

(a) This account shall include the difference between the net proceeds (including discount, premium and stock issuance expense) received from the issuance of capital stock and the amount includable in Account 4510, Capital Stock, unless such difference results in a debit balance for that class of stock, in which case the amount shall be charged to Account 4550, Retained Earnings.

(b) This account shall also include gains arising from the retirement and cancellation of capital stock. Losses from the retirement and cancellation of capital stock shall be charged to this account to the extent that there exist credits in this account for the same class of stock; otherwise to Account 4550.

#### § 32.4530 Treasury stock.

This account shall include the cost of the company's own capital stock which has been issued and subsequently reacquired but not retired or resold.

#### § 32.4540 Other capital.

This account shall include amounts which are credits arising from the donation by stockholders of the company's capital stock, capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes. (See also Account 1401 Investment in Affiliated Companies.)

#### § 32.4550 Retained earnings.

(a) This account shall include the undistributed balance of retained earnings derived from the operations of the company and from all other transactions not includable in the other accounts appropriate for inclusion of stockholders' equity.

(b) Subsidiary records shall be maintained wherein are recorded all entries to retained earnings during the year such that the detail of the entries may be disclosed to the Commission.

### Subpart D—Instructions For Revenue Accounts

#### § 32.4999 General.

(a) *Purpose of revenue accounts.* The revenue accounts are intended to include the actual cash inflows (or equivalents) that have or will occur as a result of the company's ongoing major or central operations during the period. They will include the revenues which arise from furnishing regulated telecommunications services to others, from directory advertising, rentals of

telecommunications assets and from providing other services which are directly associated with the provision of regulated telecommunications services.

(b) *Deductions from revenue.* Corrections of overcharges, authorized refunds of overcollections previously credited to revenue, authorized refunds and adjustments on account of failure in service, and other corrections shall be charged to the revenue account previously credited with the amounts involved.

(c) *Commissions.* Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account 6623, Customer Services, and not to the revenue accounts. Other commissions shall be charged to the appropriate expense accounts.

(d) *Revenue recognition.* Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the terms of the related contract. Any amounts deferred shall be credited to Account 4360, Other Deferred Credits.

(e) *Contractual arrangements.* Charges and credits resulting from activities associated with the provisions of regulated telecommunications services shall be recorded in a manner consistent with the nature of the underlying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreements shall be recorded in each prescribed revenue account and prescribed subsidiary record categories thereof to the extent that each is separately identifiable in the settlement process. It is not intended that settlement amounts be allocated or generally spread to the individual



revenue accounts where they are not separately identifiable in the settlement process. When the settlement amounts are not identifiable by a revenue account they shall be recorded in Account 5069, Other Local Exchange Revenue Settlements, 5129, Other Long Distance Private Network Revenue Settlements, 5169, Other Long Distance Revenue Settlements, or 5269, Other Revenue Settlements, as appropriate.

(f) *Subsidiary records—jurisdictional subdivisions.* (1) Subsidiary record categories shall be maintained in order that the company may separately report revenues derived from charges imposed under intrastate, interstate and international tariff filings. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(2) This jurisdictional subsidiary record requirement applies to all accounts except the Network Access Services Group where separate accounts have been established for Federal and state access revenues.

(g) *Structure of revenue accounts.* (1) The revenue section of the system of accounts shall be organized by revenue group summary account, account and subsidiary record category (if required).

(2) The revenue section of this system of accounts shall be comprised of five major groups—Local Network Services Revenues, Network Access Services Revenues, Long Distance Network Services Revenues, Miscellaneous Revenues, and Uncollectible Revenues, which shall be considered as a revenue group for the purposes of the construction of the system.

(3) Summary accounts within revenue groups shall be used to describe aggregations of two or more accounts having a certain commonality. Summary accounts are assigned numbers so that they may be used by Class A telephone companies to aggregate accounts for reporting purposes; and, as specifically directed, so that they may be used as accounts by Class B telephone companies.

(4) Accounts shall be maintained as prescribed in this Section subject to the conditions described in Section 32.13 of Subpart B. In certain instances, subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(h) *Local Network Services revenues.* Local Network Services revenues (Accounts 5000-5069) shall include revenues derived from the provision of service and equipment entirely within the basic service area. That area is defined as the normal boundaries for local calling plus Extended Area Service

(EAS) boundaries as they apply to that service. It includes revenues derived from both local private network service and local public network services as well as from customer premises facilities services. Local revenues include associated charges such as one-time service connection or termination charges and secondary features such as call waiting.

(i) *Network Access revenues.* (1) Network Access revenues (Accounts 5080-5084) shall include revenues derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(2) Billing and collections service provided under exchange access tariffs shall be included in the Miscellaneous Revenues Group.

(j) *Long Distance Network Service revenues.* Long Distance Network Service revenues shall include revenues derived from the provision of services beyond the basic service area, whether message or flat-rate and including public network switching as well as private.

(k) *Miscellaneous revenues.* Miscellaneous revenues are those revenues derived from the provision of regulated products and services provided under tariff or contract but not contained elsewhere. They shall also include operating revenue derived from activities performed incident to the company's tariffed telecommunications operations which, though non-tariffed, are included in the regulatory process.

(l) *Uncollectible revenues.* Uncollectible revenues shall include amounts originally credited to the revenue accounts which have proved impracticable of collection.

(m) *Revenue accounts to be maintained.*

| Account title                       | Class A account | Class B account |
|-------------------------------------|-----------------|-----------------|
| Local Network Services Revenues:    |                 |                 |
| Basic local service revenue.....    | 1 5000          | 5000            |
| Basic area revenue..                | 5001            |                 |
| Optional extended area revenue..... | 5002            |                 |
| Cellular mobile revenue.....        | 5003            |                 |
| Other mobile services revenue...    | 5004            |                 |
| Public telephone revenue.....       | 5010            |                 |
| Local private line revenue.....     | 5040            |                 |
| Customer premises revenue.....      | 5050            |                 |

| Account title   | Class A account | Class B account |
|---|-----------------|-----------------|
| Other local exchange revenue.....                               | 5060            |                 |
| Other local exchange revenue settlements.....                   | 5069            |                 |
| Network Access Services Revenues:                               |                 |                 |
| Network access revenue.....                                     | 1 5080          | 5080            |
| End user revenue.....   | 5081            | 5081            |
| Switched access revenue.....                                    | 5082            | 5082            |
| Special access revenue.....                                     | 5083            | 5083            |
| State access revenue.....                                       | 5084            | 5084            |
| Long Distance Network Services Revenues:                        |                 |                 |
| Long distance message revenue.....                              | 5100            | 5100            |
| Unidirectional long distance revenue..                          | 1 5110          |                 |
| Long distance inward-only revenue.....                          | 5111            |                 |
| Long distance outward-only revenue.....                         | 5112            |                 |
| Long distance private network revenue.....                      | 1 5120          |                 |
| Subvoice grade long distance private network revenue.....       | 5121            |                 |
| Voice grade long distance private network revenue...            | 5122            |                 |
| Audio program grade long distance private network revenue...    | 5123            |                 |
| Video program grade long distance private network revenue...    | 5124            |                 |
| Digital transmission long distance private network revenue..... | 5125            |                 |
| Long distance private network switching revenue.....            | 5126            |                 |
| Other long distance private network revenue.....                | 5128            |                 |
| Other long distance private network revenue settlements.....    | 5129            |                 |
| Other long distance revenue.....                                | 5160            |                 |
| Other long distance revenue settlements.....                    | 5169            |                 |



| Account title                                 | Class A account | Class B account |
|---|-----------------|-----------------|
| Miscellaneous Revenues:                       |                 |                 |
| Miscellaneous revenue.....                    |                 | 5200            |
| Directory revenue.....                        | 5230            |                 |
| Rent revenue.....                             | 5240            |                 |
| Corporate operations revenue.....             | 5250            |                 |
| Miscellaneous revenue.....                    | 1 5260          |                 |
| Special billing arrangements revenue.....     | 5261            |                 |
| Customer operations revenue.....              | 5262            |                 |
| Plant operations revenue.....                 | 5263            |                 |
| Other incidental regulated revenue.....       | 5264            |                 |
| Other revenue settlements.....                | 5269            |                 |
| Carrier billing and collection revenue.....   | 5270            |                 |
| Uncollectible Revenues:                       |                 |                 |
| Uncollectible revenue.....                    | 1 5300          | 5300            |
| Uncollectible revenue—Telecommunications..... | 5301            |                 |
| Uncollectible revenue—Other.....              | 5302            |                 |

<sup>1</sup> To be used by Class A telephone companies to summarize accounts for reporting purposes.

#### § 32.5000 Basic local service revenue.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5001 through 5004. Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5001 through 5069.

#### § 32.5001 Basic area revenue.

(a) This account shall include revenue derived from the provision of basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(b) Revenue derived from charges for nonpublished number or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5230, Directory Revenue.

#### § 32.5002 Optional extended area revenue.

This account shall include total revenue derived from the provision of optional extended area service.

#### § 32.5003 Cellular mobile revenue.

This account shall include message revenue derived from cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

#### § 32.5004 Other mobile services revenue.

(a) This account shall include message revenue derived from general radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(b) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5264, Other Incidental Regulated Revenue.

#### § 32.5010 Public telephone revenue.

This account shall include message revenue (e.g., coin paid) and other revenue derived from public and semi-public telephone services provided within the basic service area.

#### § 32.5040 Local private line revenue.

This account shall include revenue derived from local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications). It includes revenue from subvoice grade, voice grade, audio and video program grade, digital transmission and local private network switching as well as the revenue from administrative and operational support services associated with private network services and facilities, e.g., charges for company-directed testing, expedited installation, and service restoration priority.

#### § 32.5050 Customer premises revenue.

This account shall include revenue derived from tariffed information origination/termination plant. Included is revenue derived from the provision under leasing arrangements of tariffed customer premises equipment (CPE), terminal equipment, station apparatus and large private branch exchanges as well as tariffed nonrecurring charges related solely to station apparatus. Also included are all tariffed charges for customer premises activities and

facilities not related solely to station apparatus.

#### § 32.5060 Other local exchange revenue.

This account shall include revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call competition services [excluding operator assisted basic long distance calls], as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

#### § 32.5069 Other local exchange revenue settlements.

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also Section 32.4999(e) of this subpart. To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account they shall be recorded in the applicable account.

#### § 32.5080 Network access revenue.

(a) This account number shall be used by Class A and Class B telephone companies to summarize for reporting purposes the contents of Accounts 5081 through 5084. It shall include revenue derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(b) Accounts 5081 through 5083 are for federally tariffed access charges while Account 5084 is to be used for state tariffed access charges.

#### § 32.5081 End user revenue.

This account shall contain the federally tariffed monthly flat rate charge assessed upon end users.

#### § 32.5082 Switched access revenue.

(a) This account shall consist of federally tariffed charges assessed to interexchange carriers for access to local exchange facilities.

(b) Subsidiary record categories shall be maintained in order that the company



may separately report the amounts contained herein that relate to limited pay telephone, carrier common line, line termination, local switching, intercept, information, common transport and dedicated transport. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.5083 Special access revenue.**

(a) This account shall include all federally tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End User Revenue, and Account 5082, Switched Access Revenue.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to recurring charges, nonrecurring charges and surcharges. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.5084 State access revenue.**

(a) This account shall include all state tariffed charges assessed by local exchange carriers upon interexchange carriers and end users for access to the local exchange network for intrastate telecommunications.

(b) Billing and collections services provided under exchange access tariffs shall be included in Account 5270, Carrier Billing and Collection Revenue.

**§ 32.5100 Long distance message revenue.**

(a) This account shall be used by Class A telephone companies for revenue derived from message services that terminate beyond the basic service area of the originating wire center and are individually priced. This includes those message services which utilize the public long distance switching network and the basic subscriber access line. (See also Account 5111, Long Distance Inward-Only Revenue, and Account 5112, Long Distance-Outward Only Revenue.) It also includes those long distance calls placed from mobile and public telephones, as well as any charges for operator assistance or special billing directly related to the completion of a specific call. This account shall also include revenue derived from individually priced message services offered under calling plans (discounted long distance) which do not utilize dedicated access lines, as well as those priced at the basic long distance rates where a discounted toll charge is on a per message basis. Any revenue derived from monthly or one-time charges for obtaining calling plan

services shall be included in this account.

(b) Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5100 through 5169.

**§ 32.5110 Unidirectional long distance revenue.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5111 and 5112. It shall include revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas or which permit the subscriber to place telephone calls from one location to other specified service areas. It shall also include revenue derived from toll calling plans which embody flat-rate or measured time toll service. (See also Account 5100, Long Distance Message Revenue.

**§ 32.5111 Long distance inward-only revenue.**

This account shall include the revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas (multipoint-to-point service). These calls require the use of dedicated access lines connecting a subscriber's premises and a designated central office. These dedicated access lines are generally separate from those required for the subscriber to place outward calls. The call is billed to the subscriber even though it is generally initiated by the subscriber's customer or correspondent.

**§ 32.5112 Long distance outward-only revenue.**

This account shall include revenue derived from long distance services which permit the subscriber to place telephone calls from one location to other specified service areas (point-to-multipoint service). These calls are completed without operator assistance and require the use of a dedicated access line. The dedicated access line is generally separate from those required for inward message services and cannot be used to place calls within the basic service area or calls outside the selected service areas. Outward calls are screened and blocked to determine whether the calls are within an authorized service area.

**§ 32.5120 Long distance private network revenue.**

(a) This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5121 through 5129. It shall include revenue derived from

services extending beyond the basic service area that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications).

(b) Service connection charges, termination charges, rearrangements and changes, etc., shall be included in each account to which they apply. Revenue derived from associated administrative and operational support services shall be included in Account 5128, Other Long Distance Private Network Revenue.

**§ 32.5121 Subvoice grade long distance private network revenue.**

This account which consists of revenue from narrow-band analog private network circuits and facilities furnished exclusively for record forms of communications, such as teletypewriter, teletypesetter, telewriter, ticker, Morse, signaling, remote metering, and supervisory services.

**§ 32.5122 Voice grade long distance private network revenue.**

This account consists of revenue from private network circuits and facilities (including multipurpose wide-band) which provide voice grade services for the transmission of analog signals. It includes revenue from services such as voice, data and telephoto communication, as well as remote metering, supervisory control, miscellaneous signaling and channels furnished for the purpose of extending customer—provided communications systems. It includes revenue from the provision of facilities between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension distribution channel, except when furnished as a subscriber access line under an unidirectional long distance service (in which case the revenue should be included in Account 5111, Long Distance Inward-Only Revenue, or Account 5112, Long Distance Outward-Only Revenue.

**§ 32.5123 Audio program grade long distance private network revenue.**

(a) This account consists of revenue from private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (1) a serving office, (2) a carrier distribution point or (3) an extension



distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates.

(b) If the rate for television program services includes both the picture and sound portion of the transmission, the revenue shall be included in Account 5124, Video Program Grade Long Distance Private Network Revenue.

**§ 32.5124 Video program grade long distance private network revenue.**

This account consists of revenue from private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast and educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension distribution channel furnished in connection with such services. It also includes revenue from both the picture and sound portions of transmission for television program service when provided under a combined rate schedule.

**§ 32.5120 Digital transmission long distance private network revenue.**

This account consists of revenue from the provision of circuits and facilities for the transmission of digital signals only.

**§ 32.5126 Long distance private network switching revenue.**

This account consists of revenue derived from the provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three (3) or more points in the network. Also included is revenue derived from the provision of basic switching and transfer arrangements used to connect private line channels.

**§ 32.5128 Other long distance private network revenue.**

This account consists of revenue from administrative and operation support services associated with private network services and facilities, e.g., charges for company-directed testing, expedited installation, and service restoration priority. Also included is other private network services revenue not provided for in other accounts.

**§ 32.5129 Other long distance private network revenues settlements.**

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance

private network services only when they are not identifiable by private network services revenue account in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by private network services revenue account, they shall be recorded in the applicable account.

**§ 32.5160 Other long distance revenue.**

This account shall include long distance revenues not provided for elsewhere.

**§ 32.5169 Other long distance revenue settlements.**

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance public network services only when they are not identifiable by long distance public network services revenue accounts in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by long distance public network services revenue account they shall be recorded in the applicable account.

**§ 32.5200 Miscellaneous revenue.**

Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5230 through 5270.

**§ 32.5230 Directory revenue.**

This account shall include revenue derived from alphabetical and classified sections of directories and shall also include fees paid by other entities for the right to publish the company's directories. Items to be included are:

(a) All revenue derived from the classified section of the directories;

(b) Revenue from the sale of new telephone directories whether they are the company's own directories or directories purchased from others. This shall also include revenue from the sale of specially bound telephone directories and special telephone directory covers;

(c) Amounts charged for additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical of the company's telephone directories; and

(d) Changes for unlisted and non-published telephone numbers.

**§ 32.5240 Rent revenue.**

(a) This account shall include revenues (including taxes when borne by the lessee) derived from the rental or subrental to others of telecommunications plant furnished

apart from telecommunications services rendered by the company. It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements.

(b) The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts.

(c) When land or buildings are rented on an incidental basis for non-telecommunications use the rental and expenses are included in Account 7360, Other Nonoperating Income.

**§ 32.5250 Corporate operations revenue.**

This account shall include revenue derived from services rendered to other companies under a license agreement, general services contract, or other arrangement providing for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services. (See also Accounts 5230 and 5270.)

**§ 32.5260 Miscellaneous revenue.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5261 through 5269.

**§ 32.5261 Special billing arrangements revenue.**

This account shall include revenue derived from the provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

**§ 32.5262 Customer operations revenue.**

This account shall include revenue derived from the performance of customer operations services for others incident to the company's regulated telecommunications operations which are not provided for elsewhere. (See also §§ 32.14(e) and 32.4999 (e) of this part.)

**§ 32.5263 Plant operations revenue.**

(a) This account shall include revenue derived from contract services (plant maintenance) performed for others



incident to the company's regulated telecommunications operations. This includes revenue from the incidental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained with sufficient particularity to identify the revenue and associated Plant Specific Operations Expenses related to each undertaking.

(c) This account does not include revenue related to the performance of operation or maintenance activities under a joint operating agreement. (See also Account 5240.)

**§ 32.5264 Other incidental regulated revenue.**

(a) This account shall include the other incidental regulated revenue not provided for in other Revenues accounts. Such revenues to be included are:

(1) Collection overages (collection shortages shall be charged to Account 6623, Customer services.)

(2) Unclaimed refunds for telecommunications services when not subject to escheats;

(3) Charges (penalties) imposed by the company for customer checks returned for non-payment;

(4) Discounts allowed customers for prompt payment;

(5) Late-payment charges;

(6) Revenue from private mobile telephone services which do not have access to the public switched network; and

(7) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(b) Any definitely known amounts of losses of revenue collections due to fire or theft, (1) at customers' coin-box stations, (2) at public or semipublic telephone stations, (3) in the possession of collectors en route to collection offices, (4) on hand at collection offices, and (5) between collection offices and banks shall be charged to Account 6728, Other General and Administrative.

**§ 32.5269 Other revenue settlements.**

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also § 32.4999(e) of this subpart.) the extent

that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

**§ 32.5270 Carrier billing and collection revenue.**

This account shall include revenue derived from the provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

**§ 32.5300 Uncollectible revenue.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5301 and 5302. Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5301 and 5302.

**§ 32.5301 Uncollectible revenue—telecommunications.**

This account shall be charged with amounts concurrently credited to Account 1181, Accounts Receivable Allowances—Telecommunications.

**§ 32.5302 Uncollectible revenue—other.**

This account shall be charged with amounts concurrently credited to Account 1190, Other Accounts Receivable, or to Account 1191, Accounts Receivable Allowance—Other, when such allowance is maintained.

**Subpart E—Instructions for Expense Accounts**

**§ 32.5999 General.**

(a) *Structure of the expense accounts.*

(1) The expense section of the system of accounts shall be organized by expense group summary account, and subsidiary record category (if required).

(2) The expense section of this system of accounts shall be comprised of four major expense groups—Plant Specific Operations, Plant Nonspecific Operations, Customer Operations and Corporate Operations. Expenses to be recorded in Plant Specific and Plant Nonspecific Operations Expense Groups generally reflect cost associated with the various kinds of equipment identified in the plant asset accounts. Expenses to be recorded in the Customer Operations and Corporate Operations accounts reflect the costs of, or are associated with, functions performed by people, irrespective of the

organization in which any particular function is performed.

(3) Summary accounts within expense groups shall be used to describe aggregations of two or more accounts having a certain commonality. Summary accounts are assigned numbers so that they may be used by Class A telephone companies to aggregate accounts for reporting purposes; and as specifically directed, so that they may be used as accounts by Class B telephone companies.

(4) Accounts shall be maintained as prescribed in this section subject to the conditions described in § 32.13 in Subpart B. Subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(b) *Plant Specific Operations Expense.* (1) The Plant Specific Operations Expense Accounts, 6110 through 6441, are used to record costs related to specific kinds of telecommunications plant.

(2) The Plant Specific Operations Expense accounts predominantly mirror the telecommunications plant in service detail accounts and are numbered consistently with them; the first digit of the expense account being six (6) and the remaining digits being the same as the last three numbers of the related plant account. In classifying Plant Specific Operations expenses, the text of the corresponding plant account should be consulted to ensure appropriateness.

(3) The Plant Specific Operations Expense accounts shall include the costs of inspecting, testing (except as specified in Account 6533, Testing Expense) and reporting on the condition of telecommunications plant to determine the need for repairs, replacements, rearrangements and changes; performing routine work to prevent trouble (except as specified in Account 6533), replacing items of plant other than retirement units; rearranging and changing the location of plant not retired; repairing material for reuse; restoring the condition of plant damaged by storms, floods, fire or other casualties (other than the cost of replacing retirement units); inspecting after repairs have been made; and receiving training to perform these kinds of work. Also included are the costs of direct supervision (immediate of first-level) and office support of this work.

(4) In addition to the activities specified in paragraph (b)(3) of this section, the appropriate Plant Specific Operations Expense accounts shall include the cost of personnel whose principal job is the operation of plant



equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of other identifiable functions (such as the use of office equipment, capital tools or motor vehicles) the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see Accounts 6621, Call Completion Services, and 6622, Number Services, and for costs of test board personnel see Account 6533.)

(c) *Plant Nonspecific Operations Expense.* The Plant Nonspecific Operations Expense accounts shall include expenses related to property held for future telecommunications use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group (except for Account 6540, Access Expense, and Accounts 6560 through 6565) shall include the costs of performing activities described in narratives for individual accounts. These costs shall also include the costs of supervision and office support of these activities.

(d) *Customer Operations Expense.* The Customer Operations Expense accounts shall include the cost of performing customer related marketing and services activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(e) *Corporate Operations Expense.* The Corporate Operations Expense accounts shall include the costs of performing executive and planning activities and general and administrative activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(f) *Expense matrix.* The expense accounts shall be maintained by the following subsidiary record categories, as appropriate to each account. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(1) *Salaries and wages.* This subsidiary record category shall include compensation to employees, such as: wages, salaries, commissions, bonuses, incentive awards and termination payments.

(2) *Benefits.* This subsidiary record category shall include payroll related benefits on behalf of employees such as the following:

Pensions  
Savings plan contributions (company portion)

Worker's compensation required by law  
Life, hospital, medical, dental, and vision  
plan insurance  
Social Security and other payroll taxes.

(3) *Rents.* (i) This subsidiary record category shall include amounts paid for the use of real and personal operating property. Amounts paid for real property shall be included in Account 6121, Land and Buildings Expense. This category includes payments for operating leases but does not include payments for capital leases.

(ii) This subsidiary record category is applicable only to the Plant Specific Operations Expense accounts. Incidental rents, e.g., short-term rental car expense, shall be categorized as Other Expenses (see paragraph (f)(4) of this section) under the account which reflects the function for which the incidental rent was incurred.

(4) *Other expenses.* This subsidiary record category shall include costs which cannot be classified to the other subsidiary record categories. Included are material and supplies, including provisioning (note also Account 6512, Provisioning Expense); contracted services; accident and damage payments, insurance premiums; traveling expenses and other miscellaneous costs.

(5) *Clearances.* This subsidiary record category shall include amounts transferred to Construction or other Plant Specific Operations Expense accounts, as appropriate, from Accounts 6112, Motor Vehicle Expense, 6113, Aircraft Expense, 6114, Special Purpose Vehicles Expense, 6116, Other Work Equipment Expense, and 6512, Provisioning Expense. There shall also be transfers to construction from Accounts 6534, Plant Operations Administrative Expense, and 6535, Engineering Expense. With respect to these expenses, companies may establish such clearing accounts as they deem necessary to accomplish substantially the same results, provided that within 30 days of the opening of such accounts, companies shall notify the Commission of the nature and purpose thereof. Additional clearing accounts affecting other expense areas may be established with prior approval of the Commission.

(g) *Reimbursements.* Reimbursements of actual costs incurred in connection with joint operations or projects repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.

(h) *Expense accounts to be maintained.*

| Account title                                    | Class A account | Class B account |
|--|-----------------|-----------------|
| Income Statement Accounts                        |                 |                 |
| Plant specific operations expense:               |                 |                 |
| Network support expense.....                     | 1 2 6110        | 6110            |
| Motor vehicle expense.....                       | 1 6112          |                 |
| Aircraft expense.....                            | 1 6113          |                 |
| Special purpose vehicles expense.....            | 1 6114          |                 |
| Garage work equipment expense.....               | 1 6115          |                 |
| Other work equipment expense.....                | 1 6116          |                 |
| General support expenses.....                    | 1 2 6120        | 6120            |
| Land and building expenses.....                  | 1 6121          |                 |
| Furniture and artworks expense.....              | 1 6122          |                 |
| Office equipment expense.....                    | 1 6123          |                 |
| General purpose computers expense.....           | 1 6124          |                 |
| Central office switching expense.....            | 1 2 6210        | 6210            |
| Analog electronic expense.....                   | 1 6211          |                 |
| Digital electronic expense.....                  | 1 6212          |                 |
| Electro-mechanical expense.....                  | 1 6215          |                 |
| Operators system expense.....                    | 1 6220          | 6220            |
| Central office transmission expenses.....        | 1 2 6230        | 6230            |
| Radio systems expense.....                       | 1 6231          |                 |
| Circuit equipment expense.....                   | 1 6232          |                 |
| Information origination/termination expense..... | 1 2 6310        | 6310            |
| Station apparatus expense.....                   | 1 6311          |                 |
| Large private branch exchange expense.....       | 1 6341          |                 |
| Public telephone terminal equipment expense..... | 1 6351          |                 |
| Other terminal equipment expense.....            | 1 6362          |                 |
| Cable and wire facilities expenses.....          | 1 2 6410        | 6410            |
| Poles expense.....                               | 1 6411          |                 |



| Account title  | Class A account     | Class B account | Account title                                | Class A account     | Class B account |
|--|---------------------|-----------------|--|---------------------|-----------------|
| Aerial cable expense   | <sup>1</sup> 6421   |                 | Sales  | <sup>1</sup> 6612   |                 |
| Underground cable expense  | <sup>1</sup> 6422   |                 | Product advertising                          | <sup>1</sup> 6613   |                 |
| Buried cable expense   | <sup>1</sup> 6423   |                 | Services                                     | <sup>1 2</sup> 6620 | 6620            |
| Submarine cable expense  | <sup>1</sup> 6424   |                 | Call completion services                     | <sup>1</sup> 6621   |                 |
| Deep sea cable expense   | <sup>1</sup> 6425   |                 | Number services                              | <sup>1</sup> 6622   |                 |
| Intrabuilding network cable expense                                  | <sup>1</sup> 6426   |                 | Customer services                            | <sup>1</sup> 6623   |                 |
| Aerial wire expense  | <sup>1</sup> 6431   |                 | Corporate operations expense:                |                     |                 |
| Conduit systems expense  | <sup>1</sup> 6441   |                 | Executive and planning                       | <sup>1 2</sup> 6710 | 6710            |
| Plant nonspecific operations expense:                                |                     |                 | Executive                                    | <sup>1</sup> 6711   |                 |
| Other property plant and equipment expenses                          | <sup>1 2</sup> 6510 | 6510            | Planning                                     | <sup>1</sup> 6712   |                 |
| Property held for future   |                     |                 | General and administrative                   | <sup>1 2</sup> 6720 | 6720            |
| Telecommunications use expense                                       | <sup>1</sup> 6511   |                 | Accounting and finance                       | <sup>1</sup> 6721   |                 |
| Provisioning expense   | <sup>1</sup> 6512   |                 | External relations                           | <sup>1</sup> 6722   |                 |
| Network operations expenses  | <sup>1 2</sup> 6530 | 6530            | Human resources                              | <sup>1</sup> 6723   |                 |
| Power expense  | <sup>1</sup> 6531   |                 | Information management                       | <sup>1</sup> 6724   |                 |
| Network administration expense                                       | <sup>1</sup> 6532   |                 | Legal  | <sup>1</sup> 6725   |                 |
| Testing expense  | <sup>1</sup> 6533   |                 | Procurement                                  | <sup>1</sup> 6726   |                 |
| Plant operations administration expense                              | <sup>1</sup> 6534   |                 | Research and development                     | <sup>1</sup> 6727   |                 |
| Engineering expense  | <sup>1</sup> 6535   |                 | Other general and administrative             | <sup>1</sup> 6728   |                 |
| Access expense   | <sup>1</sup> 6540   | 6540            | Provision for uncollectible notes receivable | 6790                | 6790            |
| Depreciation and amortization expenses                               | <sup>2</sup> 6560   | 6560            |  |                     |                 |
| Depreciation expense—telecommunications plant in service             | 6561                |                 |  |                     |                 |
| Depreciation expense—property held for future telecommunications use | 6562                |                 |  |                     |                 |
| Amortization expense—tangible  | 6563                |                 |  |                     |                 |
| Amortization expense—intangible                                      | 6564                |                 |  |                     |                 |
| Amortization expense—other   | 6565                |                 |  |                     |                 |
| Customer operations expense:   |                     |                 |  |                     |                 |
| Marketing  | <sup>1 2</sup> 6610 | 6610            |  |                     |                 |
| Product management   | <sup>1</sup> 6611   |                 |  |                     |                 |

<sup>1</sup> Subsidiary record categories required in accordance with § 32.5999(f) of this subpart.  
<sup>2</sup> To be used by Class A telephone companies to summarize accounts for reporting purposes.

**§ 32.6110 Network support expenses.**

(a) This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6112 through 6116. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6112 through 6116.

(b) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5) of this subpart.)

**§ 32.6112 Motor vehicle expense.**

(a) This account shall include costs of fuel, lubrications, license and inspection fees, washing, repainting, and minor accessories. Also included are the costs of personnel whose principal job is operating motor vehicles, such as chauffeurs and shuttle bus drivers. The costs of users of motor vehicles whose principal job is not the operation of

motor vehicles shall be charged to accounts appropriate for the activities performed.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5) of this subpart.)

**§ 32.6113 Aircraft expense.**

(a) This account shall include such costs as aircraft fuel, flight crews, mechanics and ground crews, licenses and inspection fees, washing, repainting, and minor accessories.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5) of this subpart.)

**§ 32.6114 Special purpose vehicles expense.**

(a) This account shall include such costs as fuel, licenses and inspection fees, washing, repainting, and minor accessories. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5) of this subpart.)

**§ 32.6115 Garage work equipment expense.**

This account shall be charged only with costs incurred in connection with the garage work equipment itself. The costs of using this equipment to maintain motor vehicles, special purpose vehicles, or other work equipment shall be charged to Accounts 6112, Motor Vehicles, 6114 Special Purpose Vehicles, or 6116 Other Work Equipment, as appropriate.

**§ 32.6116 Other work equipment expense.**

(a) This account shall be charged only with costs incurred in connection with this work equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5) of this subpart.)



**§ 32.6120 General support expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6121 through 6124. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6121 through 6124.

**§ 32.6121 Land and building expense.**

(a) This account shall include expenses associated with land and buildings (excluding amortization of leasehold improvements). This account shall also include janitorial service, cleaning supplies, water, sewage, fuel and guard service, and electrical power.

(b) The cost of electrical power used to operate the telecommunications network shall be charged to Account 6531, Power Expense, and the cost of separately metered electricity used for operating specific types of equipment, such as computers, shall be charged to the expense account appropriate for such use.

**§ 32.6122 Furniture and artworks expense.**

This account shall include expenses associated with furniture and artworks.

**§ 32.6123 Office equipment expense.**

This account shall be charged only with costs incurred in connection with the office equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

**§ 32.6124 General purpose computers expense.**

This account shall include costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning, developing, testing, implementing, and maintaining data bases and application systems for general purpose computers. (See also Account 6724, Information Management.) Separately metered electricity for general purpose computers shall also be included in this account.

**§ 32.6210 Central office switching expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6211 through 6215. Class B telephone companies shall use this account for expenses of the type

and character required of Class A companies in Accounts 6211 through 6215.

**§ 32.6211 Analog electronic expense.**

This account shall include expenses associated with analog electronic switching.

**§ 32.6212 Digital electronic expense.**

This account shall include expenses associated with digital electronic switching.

**§ 32.6215 Electro-mechanical expense.**

(a) This account shall include expenses associated with electro-mechanical switching.

(b) Subsidiary record categories shall be maintained as provided in § 32.2215(a) of Subpart C.

**§ 32.6220 Operator systems expense.**

This account shall include expenses associated with operator systems equipment.

**§ 32.6230 Central office transmission expense.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6231 and 6232. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6231 and 6232.

**§ 32.6231 Radio systems expense.**

(a) This account shall include expenses associated with radio systems.

(b) Subsidiary record categories shall be maintained as provided in § 32.2231(a) of Subpart C.

**§ 32.6232 Circuit equipment expense.**

This account shall include expenses associated with circuit equipment.

**§ 32.6310 Information origination/termination expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6311 through 6362. Class B telephone companies shall use this account for expenses of the type and character required of Class A telephone companies in Accounts 6311 through 6362.

**§ 32.6311 Station apparatus expense.**

This account shall include expenses associated with station apparatus. Expenses associated with company internal use communication equipment shall be recorded in Account 6123, Office Equipment Expense.

**§ 32.6341 Large private branch exchange expense.**

This account shall include expenses associated with large private branch exchanges. Expenses associated with company internal use communication equipment shall be recorded in Account 6123, Office Equipment Expense.

**§ 32.6351 Public telephone terminal equipment expense.**

This account shall include expenses associated with public telephone terminal equipment.

**§ 32.6362 Other terminal equipment expense.**

This account shall include expenses associated with other terminal equipment.

**§ 32.6410 Cable and wire facilities expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6411 through 6426. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6411 through 6426.

**§ 32.6411 Poles expense.**

This account shall include expenses associated with poles.

**§ 32.6421 Aerial cable expense.**

(a) This account shall include expenses associated with aerial cable.  
(b) Subsidiary record categories shall be maintained as provided in § 32.2421(a) of Subpart C.

**§ 32.6422 Underground cable expense.**

(a) This account shall include expenses associated with underground cable.  
(b) Subsidiary record categories shall be maintained as provided in § 32.2422(a) of Subpart C.

**§ 32.6423 Buried cable expense.**

(a) This account shall include expenses associated with buried cable.  
(b) Subsidiary record categories shall be maintained as provided in § 32.2423(a) of Subpart C.

**§ 32.6424 Submarine cable expense.**

(a) This account shall include expenses associated with submarine cable.  
(b) Subsidiary record categories shall be maintained as provided in § 32.2424(a) of Subpart C.



**§ 32.6425 Deep sea cable expense.**

(a) This account shall include expenses associated with deep sea cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2425(a) of Subpart C.

**§ 32.6426 Intra-building network cable expense.**

(a) This account shall include expenses associated with intra-building network cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2426(a) of Subpart C.

**§ 32.6431 Aerial wire expense.**

This account shall include expenses associated with aerial wire.

**§ 32.6441 Conduit systems expense.**

This account shall include expenses associated with conduit systems.

**§ 32.6510 Other property, plant and equipment expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6511 and 6512. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6511 and 6512.

**§ 32.6511 Property held for future telecommunications use expense.**

This account shall include expenses associated with property held for future telecommunications use.

**§ 32.6512 Provisioning expense.**

(a) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the annual or more frequent inventory of material and supplies.

(b) Credits shall be made to this account for amounts transferred to construction and/or to plant specific operations expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge. (See also § 32.5999(f)(5) of this subpart.)

**§ 32.6530 Network operations expenses.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6531 through 6535. Class B telephone companies shall use

this account for expenses of the type and character required of Class A companies in Accounts 6531 through 6535.

**§ 32.6531 Power expense.**

This account shall include the cost of electrical power used to operate the telecommunications network.

**§ 32.6532 Network administration expense.**

This account shall include costs incurred in network administration. This includes such activities as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work.

**§ 32.6533 Testing expense.**

This account shall include costs incurred in testing telecommunications facilities from a testing facility (test desk or other testing system) to determine the condition of plant on either a routine basis or prior to assignment of the facilities; receiving, recording and analyzing trouble reports; testing to determine the nature and location of reported trouble condition; and dispatching repair persons or otherwise initiating corrective action. (Note also § 32.5999(b)(3) of this subpart.)

**§ 32.6534 Plant operations administration expense.**

(a) This account shall include costs incurred in the general administration of plant operations. This includes supervising plant operations (except as specified in § 32.5999(a)(3) of this subpart; planning, coordinating and monitoring plant operations; and performing staff work such as developing methods and procedures, preparing and conducting training (except on-the-job training) and coordinating safety programs.

(b) Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours. (See § 32.2000(c)(2)(ii) of Subpart C.)

**§ 32.6535 Engineering expense.**

(a) This account shall include costs incurred in the general engineering of the telecommunications plant which are not directly chargeable to an undertaking or project. This includes developing input to the fundamental planning process, performing preliminary work or advance planning in connection with potential

undertakings, and performing special studies of an engineering nature.

(b) Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours. (See § 32.2000(c)(2)(ii) of Subpart C.)

**§ 32.6540 Access expense.**

(a) This account shall include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provisions of exchange access services.

(b) Subsidiary record categories shall be maintained in order that the company may separately report interstate and intrastate access expenses for switched access expense and billing and collection expense.

**§ 32.6560 Depreciation and amortization expenses.**

This account shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6561 through 6565. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6561 through 6565.

**§ 32.6561 Depreciation expense—telecommunications plant in service.**

This account shall include the depreciation expense of capitalized costs in Accounts 2112 through 2441, inclusive.

**§ 32.6562 Depreciation expense—property held for future telecommunications.**

This account shall include the depreciation expense of capitalized costs included in Account 2002, Property Held for Future Telecommunications Use.

**§ 32.6563 Amortization expense—tangible.**

This account shall include only the amortization of costs included in Accounts 2681, Capital Leases, and 2682, Leasehold Improvements.

**§ 32.6564 Amortization expense—intangible.**

This account shall include the amortization of costs included in Account 2690, Intangibles.

**§ 32.6565 Amortization expense—other.**

(a) This account shall include only the amortization of costs included in Account 2005, Telecommunications Plant Adjustment.

(b) This account shall also include lump-sum write offs of amounts of plant acquisition adjustment as provided for in § 32.2005(b)(3) of Subpart C.



(c) Subsidiary records shall be maintained so as to show that character of the amounts contained in this account.

**§ 32.6610 Marketing.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6611 through 6613. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6611 through 6613.

**§ 32.6611 Product management.**

This account shall include costs incurred in performing administrative activities related to marketing products and services. This includes competitive analysis, product and service identification and specification, test market planning, demand forecasting, product life cycle analysis, pricing analysis, and identification and establishment of distribution channels.

**§ 32.6612 Sales.**

This account shall include costs incurred in selling products and services. This includes determination of individual customer needs, development and presentation of customer proposals, sales order preparation and handling, and preparation of sales records.

**§ 32.6613 Product advertising.**

This account shall include costs incurred in developing and implementing promotional strategies to stimulate the purchase of products and services. This excludes nonproduct-related advertising, such as corporate image, stock and bond issue and employment advertisements, which shall be included in the appropriate functional accounts.

**§ 32.6620 Services.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6621 through 6623. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6621 through 6623.

**§ 32.6621 Call completion services.**

This account shall include costs incurred in helping customers place and complete calls, except directory assistance. This includes handling and recording; intercept; quoting rates, time and charges; and all other activities involved in the manual handling of calls.

**§ 32.6622 Number services.**

This account shall include costs incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling, and disseminating those listings through directory assistance or other means.

**§ 32.6623 Customer services.**

This account shall include costs incurred in establishing and servicing customer accounts. This includes:

(a) Initiating customer service orders and records;

(b) Maintaining and billing customer accounts;

(c) Collecting and investigating customer accounts, including collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills;

(d) Collecting and reporting pay station receipts; and

(e) Instructing customers in the use of products and services.

**§ 32.6710 Executive and planning.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6711 and 6712. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6711 and 6712.

**§ 32.6711 Executive.**

This account shall include costs incurred in formulating corporate policy and in providing overall administration and management. Included are the pay, fees and expenses of boards of directors or similar policy boards and all board-designated officers of the company and their office staffs, e.g., secretaries and staff assistants.

**§ 32.6712 Planning.**

This account shall include costs incurred in developing and evaluating long-term courses of action for the future operations of the company. This includes performing corporate organization and integrated long-range planning, including management studies, options and contingency plans, and economic strategic analysis.

**§ 32.6720 General and administrative.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6721 through 6728. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6721 through 6728.

**§ 32.6721 Accounting and finance.**

This account shall include costs incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting (revenue requirements, separations, settlements and corollary cost accounting), non-customer billing, tax accounting, internal and external auditing, capital and operating budget analysis and control, and general accounting (accounting principles and procedures and journals, ledgers, and financial reports). Financial services include banking operations, cash management, benefit investment fund management (including actuarial services), securities management, debt trust administration, corporate financial planning and analysis, and internal cashier services.

**§ 32.6722 External relations.**

This account shall include costs incurred in maintaining relations with government, regulators, other companies and the general public. This includes:

(a) Reviewing existing or pending legislation (See also account 7370, Special Charges, for lobbying expenses.);

(b) Preparing and presenting information for regulatory purposes, including tariff and service cost filings, and obtaining radio licenses and construction permits;

(c) Performing public relations and non-product-related corporate image advertising activities;

(d) Administering relations, including negotiating contracts (See also Account 6725, Legal.), with telecommunications companies and other utilities, businesses, and industries. This excludes sales contracts (See also Account 6612, Sales.); and

(e) Administering investor relations.

**§ 32.6723 Human resources.**

This account shall include costs incurred in performing personnel administration activities. This includes:

(a) Equal Employment Opportunity and Affirmative Action Programs;

(b) Employee data for forecasting, planning and reporting;

(c) General employment services;

(d) Occupational medical services;

(e) Job analysis and salary programs;

(f) Labor relations activities;

(g) Personnel development and staffing services, including counseling, career planning, promotion and transfer programs;

(h) Personnel policy development;

(i) Employee communications;

(j) Benefit administration;



- (k) Employee activity programs;
- (l) Employee safety programs; and
- (m) Nontechnical training course development and presentation.

**§ 32.6724 Information management.**

This account shall include costs incurred in planning, developing, testing, implementing and maintaining data bases and application systems for general purpose computers.

**§ 32.6725 Legal.**

This account shall include costs incurred in providing legal services. This includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

**§ 32.6726 Procurement.**

This account shall include costs incurred in procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

**§ 32.6727 Research and development.**

(a) This account shall include costs incurred in making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use.

(b) This excludes making routine alterations to existing products, processes, and other ongoing operations even though those alterations may represent improvements.

**§ 32.6728 Other general and administrative.**

This account shall include costs incurred in performing general administrative activities not directly charged to the user, and not provided for in other accounts. This includes providing general reference libraries, food services (e.g., cafeterias, lunch rooms and vending facilities), archives, general security investigation services, operating official private branch exchanges in the conduct of the business, and telecommunications and mail services. Also included are payments in settlement of accident and damage claims, insurance premiums for

protection against losses and damages, direct benefit payments to or on behalf of retired and separated employees, accident and sickness disability payments, supplemental payments to employees while in governmental service, death payments, and other miscellaneous costs of a corporate nature. This account excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported.

**§ 32.6790 Provision for uncollectible notes receivable.**

This account shall be charged with amounts concurrently credited to Account 1200, Notes Receivable, or to Account 1201, Notes Receivable Allowance, when such allowance is maintained.

**Subpart F—Instructions For Other Income Accounts**

**§ 32.6999 General.**

(a) *Structure of the Other Income Accounts.* The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) *Other Income Accounts Listing.*

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| Other operating income and expense:                        |                 |                 |
| Other operating income and expense .....                   | 1 7100          | 7100            |
| Income from custom work .....                              | 7110            |                 |
| Return from nonregulated use of regulated facilities ..... | 7130            |                 |
| Gains and losses from foreign exchange .....               | 7140            |                 |
| Gains or losses from disposition of land and artwork ..... | 7150            |                 |
| Other operating gains and losses .....                     | 7160            |                 |
| Operating taxes:   |                 |                 |
| Operating taxes .....                                      | 1 7200          | 7200            |
| Operating investment tax credits—net .....                 | 7210            |                 |
| Operating Federal income taxes .....                       | 7220            |                 |

| Account title  | Class A account | Class B account |
|--|-----------------|-----------------|
| Operating State and local income taxes .....                   | 7230            |                 |
| Operating other taxes .....                                    | 7240            |                 |
| Provision for deferred operating income taxes—net .....        | 7250            |                 |
| Nonoperating income and expense:                               |                 |                 |
| Nonoperating income and expense .....                          | 1 7300          | 7300            |
| Dividend income .....  | 7310            |                 |
| Interest income .....  | 7320            |                 |
| Income from sinking and other funds .....                      | 7330            |                 |
| Allowance for funds used during construction .....             | 7340            |                 |
| Gains or losses from the disposition of certain property ..... | 7350            |                 |
| Other nonoperating income .....                                | 7360            |                 |
| Special charges .....  | 7370            |                 |
| Nonoperating taxes:  |                 |                 |
| Nonoperating taxes .....                                       | 1 7400          | 7400            |
| Nonoperating investment tax credits—net .....                  | 7410            |                 |
| Nonoperating Federal income taxes .....                        | 7420            |                 |
| Nonoperating State and local income taxes .....                | 7430            |                 |
| Nonoperating other taxes .....                                 | 7440            |                 |
| Provision for deferred nonoperating income taxes—net .....     | 7450            |                 |
| Interest and related items:                                    |                 |                 |
| Interest and related items .....                               | 1 7500          | 7500            |
| Interest on funded debt .....                                  | 7510            |                 |
| Interest expense—capital Leases .....                          | 7520            |                 |
| Amortization of debt issuance expense .....                    | 7530            |                 |
| Other interest deductions .....                                | 7540            |                 |
| Extraordinary items:   |                 |                 |
| Extraordinary items .....                                      | 1 7600          | 7600            |
| Extraordinary income credits .....                             | 7610            |                 |



| Account title   | Class A account | Class B account |
|---|-----------------|-----------------|
| Extraordinary income charges.....   | 7620            |                 |
| Current income tax effect of extraordinary items—net.....   | 7630            |                 |
| Provision for deferred income tax effect of extraordinary items—net.....  | 7640            |                 |
| Jurisdictional Differences and nonregulated income items:<br>Income effect of jurisdictional ratemaking difference—net..... | 7910            | 7910            |
| Nonregulated net income.....  | 7990            | 7990            |

<sup>1</sup> To be used by Class A companies to summarize accounts for reporting purposes.

#### § 32.7099 Content of accounts.

Other Operating Income and Expense accounts are intended to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. They shall include all items of an operating nature as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstances shall be matched and the result shown as a net gain or loss.

#### § 32.7100 Other operating income and expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7110 through 7160. Class B companies shall use this account for other operating income and expense items of the type and character required of Class A companies in Accounts 7110 through 7160.

#### § 32.7110 Income from custom work.

(a) This account shall include profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the company in

constructing its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained with sufficient particularity to identify separately the revenue and costs associated with each undertaking.

#### § 32.7130 Return from nonregulated use of regulated facilities.

This account shall include a return on investment for the use of regulated property plant and equipment to provide nonregulated products and services.

#### § 32.7140 Gains and losses from foreign exchange.

This account shall include all gains and losses resulting from the exchange of foreign currency. Transaction (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

#### § 32.7150 Gains and losses from the disposition of land and artworks.

This account shall include gains or losses resulting from the disposition of land or artworks.

#### § 32.7160 Other operating gains and losses.

This account shall be charged or credited, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

#### § 32.7199 Content of accounts.

The Operating Tax accounts shall include the taxes arising from the central operations of the company.

#### § 32.7200 Operating taxes.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7210 through 7250. Class B telephone companies shall use this account for operating taxes of the type and character required of Class A companies in Accounts 7210 through 7250.

#### § 32.7210 Operating investment tax credits—net.

(a) This account shall be charged and Account 4320, Unamortized Operating Investment Tax Credits—Net, shall be credited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

(b) This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. (See also Account 7410, Nonoperating Investment Tax Credits—Net.) Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

#### § 32.7220 Operating Federal income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of Federal Income Taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits and shall be amortized to income as directed by this Commission.

(d) No entries shall be made to this account to reflect interperiod tax allocations.

#### § 32.7230 Operating state and local income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) No entries shall be made to this account to reflect interperiod tax allocations.

#### § 32.7240 Operating other taxes.

(a) This account shall be charged and Account 4080, Other Taxes—Accrued, shall be credited for all taxes, other than Federal, state and local income taxes and payroll related taxes, related to regulated operations applicable to current periods. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes; this account shall also reflect subsequent adjustments to amounts previously charged.

(b) Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like,



shall be included in the operating expense accounts or investment accounts, as may be appropriate.

(c) Discounts allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

(d) Interest on tax assessments which are not paid when due shall be included in Account 7540, Other Interest Deductions.

(e) Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7360, Other Nonoperating Income.

(f) Sales and use taxes shall be accounted for, so far as practicable, as part of the cost of the items to which the taxes relate.

(g) Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owner to Account 5240, Rent Revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

**§ 32.7250 Provision for deferred operating income taxes—net.**

(a) This account shall be charged or credited, as appropriate, with *contra entries* recorded to the following accounts for income tax expense that has been deferred in accordance with § 32.22 of Subpart B.

4100 Net Current Deferred Operating Income Taxes

4340 Net Noncurrent Deferred Operating Income Taxes

(b) Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report that amounts contained herein that relate to Federal, state and local income taxes. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

**§ 32.7299 Content of accounts.**

The nonoperating income and expense accounts are intended to record the results of transactions, events and circumstances affecting the company during a period and which are not operational in nature. They shall include such items as nonoperating taxes, dividend income and interest income. Whenever practicable the inflows and outflows associated with a transaction or event shall be matched and the result shown as a net gain or loss.

**§ 32.7300 Nonoperating income and expense.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the

contents of Accounts 7310 through 7370. Class B telephone companies shall use this account for nonoperating income and expense items of the type and character required of Class A companies in Accounts 7310 through 7370.

**§ 32.7310 Dividend income.**

(a) This account shall include dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust (except in sinking or other funds, see paragraph (c) of this section), or otherwise controlled.

(b) These accounts shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(c) Dividends on stocks of other companies held in sinking or other funds shall be credited to Account 7330, Income from Sinking and Other Funds.

(d) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.

**§ 32.7320 Interest income.**

(a) This account shall include interest on securities, including notes and other evidences of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust (except in sinking or other funds, see paragraph (d) to this section) or otherwise controlled. It shall also include interest on bank balances, certificates of deposits, open accounts, and other analogous items.

(b) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and date of maturity, the difference between the purchase price and the par value of securities owned, the income from which is includable in this account. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such difference remaining unextinguished at the sale or upon the maturity and satisfaction of such securities shall be cleared to Account 7360, Other Nonoperating Income.

(c) These accounts shall not include interest or other returns on securities issued or assumed by the company and held by or for it, whether pledged as

collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(d) Interest on cash and on securities issued by others shall be included in Account 7330, Income from Sinking and Other Funds, when such assets are held in sinking or other funds.

(e) Cash discounts on bills for material purchased shall not be included in this account.

**§ 32.7330 Income from sinking and other funds.**

(a) This account shall include the income accrued on cash, securities issued by other companies, and other assets (not including securities issued or assumed by the company) held in sinking and other funds.

(b) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price and the par value of securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such differences remaining unextinguished upon the maturity and satisfaction of such securities shall be cleared to Account 7360, Other Nonoperating Income.

**§ 32.7340 Allowance for funds used during construction.**

This account shall be credited with such amounts as are charged to the telecommunications plant accounts for the purpose of recording an allowance for funds used for construction purposes.

**§ 32.7350 Gains or losses from the disposition of certain property.**

This account shall include gains or losses resulting from the disposition of the following:

- (a) Gains or losses from the disposition of land or artworks;
- (b) Gains or loss from the disposition of plant with traffic; and
- (c) Gains or losses from the disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

**§ 32.7360 Other nonoperating income.**

(a) This account shall include all other items of income and gains or losses from activities not specifically provided for elsewhere.

(b) This account shall include representative items as follows:



(1) Fees collected in connection with the exchange of coupon bonds for registered bonds;

(2) Gains or losses realized on the sale of temporary cash investments or marketable equity securities;

(3) Uncollectible amounts previously credited to accounts 7310 through 7350, inclusive;

(4) Net unrealized losses on investments in current marketable equity securities;

(5) Write-downs or write-offs of the book costs of investment in equity securities due to permanent impairment;

(6) Gains or losses of nonoperating nature arising from foreign currency exchange or translation;

(7) Gains or losses from the extinguishment of debt made to satisfy sinking fund requirements;

(8) Amortization of Goodwill;

(9) Company's share of the earnings or losses of affiliated companies accounted for on the equity method; and

(10) The net balance of the revenue from and the expenses (including depreciation, amortization and insurance) of property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating Plant.

#### § 32.7370 Special charges.

This account shall include the following costs that are typically given special regulatory scrutiny for ratemaking purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the costs of service in setting rates.

(a) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances, or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(b) Contributions for charitable, social or community welfare purposes;

(c) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(d) Penalties and fines paid on account of violations of statutes; and

(e) Abandoned construction projects.

#### § 32.7399 Content of accounts.

The Nonoperating Tax accounts shall include taxes arising from activities which are not a part of the central operations of the entity.

#### § 32.7400 Nonoperating taxes.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7410 through 7450. Class B telephone companies shall use this account for nonoperating taxes of the type and character required of Class A companies in Accounts 7410 through 7450.

#### § 32.7410 Nonoperating investment tax credits—net.

(a) This account shall be charged and Account 4330, Unamortized Nonoperating Investment Tax Credits—Net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

#### § 32.7420 Nonoperating federal income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of nonoperating Federal income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(d) No entries shall be made to this account to reflect interperiod tax allocation.

#### § 32.7430 Nonoperating state and local income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, should be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) No entries shall be made to this account to reflect interperiod tax allocation.

#### § 32.7440 Nonoperating other taxes.

This account shall be charged and Account 4080, Other Taxes—Accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

#### § 32.7450 Provision for deferred nonoperating income taxes—net.

(a) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expenses that has been deferred in accordance with § 32.22 of Subpart B:

4110 Net Current Deferred Nonoperating Income Taxes  
4350 Net Noncurrent Deferred Nonoperating Income Taxes

(b) Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state and local income taxes. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

#### § 32.7499 Content of accounts.

Interest and related amounts shall be included in Accounts 7510 through 7540.

#### § 32.7500 Interest and related items.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7510 through 7540. Class B telephone companies shall use this account for interest and related items of the type and character required



of Class A companies in Accounts 7510 through 7540.

**§ 32.7510 Interest on funded debt.**

(a) This account shall include the current accruals of interest on all classes of debt the principal of which is includable in Account 4210, Funded Debt. It shall also include the interest on funded debt the maturity of which has been extended by specific agreement.

(b) This account shall be kept so that the interest on each class of funded debt may be shown separately in the annual reports to this Commission.

(c) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(d) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1330, Other Prepayments, and cleared to this account as the term expires to which the interest applies.

(e) This account shall also include monthly amortization of balances in Accounts 4220, Premium on Long-Term Debt, and 4230, Discount on Long-Term Debt.

**§ 32.7520 Interest expense—capital leases.**

This account shall include the interest portion of each capital lease payment.

**§ 32.7530 Amortization of debt issuance expense.**

This account shall include the monthly amortization of the balances in Account 1407, Unamortized Debt Issuance Expense.

**§ 32.7540 Other interest deductions.**

(a) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(b) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows:

- (1) Advances from affiliated companies;
- (2) Advances from nonaffiliated companies and other liabilities
- (3) Assessments for public improvements past due;
- (4) Bond coupons, matured and unpaid;
- (5) Claims and judgments;
- (6) Customers' deposits;
- (7) Funded debt mature, with respect to which a definite agreement as to extension has not been made;

(8) Notes payable on demand or maturing one year or less from date of issue;

(9) Open accounts;

(10) Tax assessments, past due; and  
(11) Discount, premium, and issuance expense of notes maturing one year or less from date of issue.

(c) Interest payable on notes or other evidences of indebtedness maturing serially shall be charged to Account 7510, Interest of Funded Debt, if any portion of the obligation matures more than one year from date of issue.

**§ 32.7599 Content of accounts.**

These accounts are intended to segregate the effects of events or transactions that are extraordinary. Extraordinary events and transactions are distinguished by both their unusual nature and by the infrequency of their occurrence, taking into account the environment in which the company operates. These accounts shall also include the related income tax effect of the extraordinary items.

**§ 32.7600 Extraordinary items.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7610 through 7640. Class B telephone companies shall use this account for transactions of the type and character required of Class A companies in Accounts 7610 through 7640.

**§ 32.7610 Extraordinary income credits.**

This account shall be credited with nontypical, noncustomary and infrequently recurring gains which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7630, Current Income Tax Effect for Extraordinary Items—Net, and Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

**§ 32.7620 Extraordinary income charges.**

This account shall be debited with nontypical, noncustomary and infrequently recurring losses which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7630, Current Income Tax Effect for Extraordinary Items—Net, and Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

**§ 32.7630 Current income tax effect of extraordinary items—net.**

This account shall be charged or credited and Account 4070, Income Taxes—Accrued, shall be credited or charged for all current income tax effects (Federal, state and local) of items included in Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges.

**§ 32.7640 Provision for deferred income tax effect of extraordinary items—net.**

This account shall be charged or credited, as appropriate, with a contra amount recorded to Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes or Account 4110, Net Current Deferred Nonoperating Income Taxes for the income tax effects (Federal, state and local) of items included in Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges, that have been deferred in accordance with § 32.22 of Subpart B.

**§ 32.7899 Content of accounts.**

Jurisdictional differences and nonregulated income amounts shall be included in Accounts 7910 and 7990.

**§ 32.7910 Income effect of jurisdictional ratemaking differences—net.**

This account shall include the impact on revenues and expenses of the jurisdictional ratemaking practices which vary from those of this Commission. All entries recorded in this account shall be recorded net of the applicable income tax effects and shall be supported by appropriate subsidiary records, where necessary, as provided for in § 32.13(e) of Subpart B.

**§ 32.7990 Nonregulated net income.**

This account shall include the net earnings or losses derived from nonregulated operations of the company. Earnings or losses from nonregulated operations shall reflect all revenues, direct expenses and any joint expenses allocable to nonregulated operations, including the related income tax effects.

**Subpart G—Glossary**

**§ 32.9000 Glossary of terms.**

When used in this system of accounts: "Accelerated depreciation" means a depreciation method or period of time, including the treatment given cost of removal and gross salvage, used in calculating depreciation deductions on income tax returns which is different from the depreciation method or period of time prescribed by this Commission for use in calculating depreciation



expense recorded in a company's books of account.

"Account" means a specific element of a chart of accounts used to record, classify and accumulate similar financial transactions resulting from the operations of the entity. "Accounts" or "these accounts" refer to the accounts of this system of accounts.

"Accounting system" means the total set of interrelated principles, rules, requirements, definitions, accounts, records, procedures and mechanisms necessary to operate and evaluate the entity from a financial perspective. An accounting system generally consists of a chart of accounts, various parallel subsystems and subsidiary records. An accounting system is utilized to provide the necessary financial information to users to meet judiciary and other responsibilities.

"Affiliated companies" means companies that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the accounting company. See also Control.

"Amortization" means the systematic recoveries, through ratable charges to expense, of the cost of assets.

"Associated equipment" means that equipment which functions with a specific type of plant or with two (2) or more types of plant, e.g., switching equipment, network power equipment, circuit equipment, common channel network signaling equipment or network operations equipment. Associated equipment shall be classified to the account appropriate for the type of equipment with which it is predominately used rather than on its own characteristics.

Illustrative examples of associated equipment are:

- Alarm and signal apparatus
- Auxiliary framing
- Cable and cable racks
- Distributing frames and equipment thereon
- Frame and aisle lighting equipment (not permanently attached to the building)
- Relay racks and panels

"Basic service area" means the minimum specified calling area for which a tariff is prescribed.

"Book cost" means the amount at which property is recorded in these accounts, without deduction of related allowances.

"Common carrier" or "carrier" means any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, except where reference is made to common carriers not subject to this Act; but a person engaged in radio broadcasting shall not, insofar as such

person is so engaged, be deemed a common carrier.

"Company" or "the company," when not otherwise indicated in the context, means the accounting entity. It includes such unincorporated entities which may be subject to the Communications Act of 1934, as amended

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement with, one or more other companies, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract, or any other direct or indirect means.

"Cost", except as applied to telecommunications plants, franchises, and patent rights, means the amount of money actually paid (or the current money value of any consideration other than money exchanged) for property or services. See also Original Cost.

"Cost of removal" means the cost of demolishing, dismantling, removing, tearing down, or otherwise disposing of telecommunications plant and recovering the salvage, including the cost of transportation and handling incident thereto.

"Depreciation" means the loss not restored by current maintenance, incurred in connection with the consumption or prospective retirement of telecommunications plant in the course of service from causes which are known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast with a reasonable approach to accuracy. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand and requirements of public authorities.

"Entity" means a legal enterprise (common carrier) engaged in interstate communications within the meaning of the Communications Act of 1934, as amended.

"Group plan," as applied to depreciation accounting, means the plan under which depreciation charges are accrued upon the basis of the original cost of all property included in each depreciable plant account, using the average service life thereof properly

weighted, and upon the retirement of any depreciable property its cost is charged to the depreciation reserve whether or not the particular item has attained the average service life.

"Intangible property" means assets that have no physical existence but instead have value because of the rights which ownership confers.

"Intrasystems" means assets consisting of:

(1) PBX and Key System Common Equipment (a switchboard or switching equipment shared by all stations);

(2) Associated CPE station equipment (usually telephone or Key Telephone Systems); and

(3) Intrasystem wiring (all cable or wiring and associated components which connect the common equipment and the station equipment, located on the customer's side of the demarcation point).

An intrasystem does not include property, plant or equipment which are not solely dedicated to its operation.

"Minor items," as applied to depreciable telecommunications plant, means any part or element of such plant, which when removed, (with or without replacement) does not initiate retirement accounting.

"Original cost" or "cost", as applied to telecommunications plant, rights of way and other intangible property, means the actual money cost of (or the current money value of any consideration other than money exchanged for) property at the time when it was first dedicated to use by a regulated telecommunications entity, whether the accounting company or by predecessors.

For the application of this definition to property acquired from predecessors see § 32.2000(b)(1) of Subpart C. Note also the definition of Cost in this section.

"Plant retired" means plant which has been removed, sold, abandoned, destroyed, or otherwise withdrawn from service.

"Retirement units", as applied to depreciable telecommunications plant, means those items of plant which when removed (with or without replacement) cause the initiation of retirement accounting entries.

"Salvage value" means the amount received for property retired, if sold, or if retained for reuse, the amount at which the material recovered is chargeable to Account 1220, Material and Supplies, or other appropriate account.

"Straight-line method", as applied to depreciation accounting, means the plan under which the cost of property is charged to operating expenses and



credited to accumulated depreciation through equal annual charges as nearly as may be during its service life.

"Subsidiary record" means accumulation of detailed information which is required by this Commission to be maintained in support of entries to the accounts.

"Subsidiary record categories" means those segregations of certain regulated costs, expenses and revenues which must be maintained and are subject to specific reporting requirements of this Commission.

"Subsystems, parallel mechanisms" means processes or procedures which augment the use of a chart of accounts

in the financial operation of the entity. These subsystems operate on and/or process account and subsidiary record information for specific purposes.

"Telecommunications" means any transmission, emission, or reception of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual or other electromagnetic systems. This encompasses the aggregate of several modes of conveying information, signals or messages over a distance. Included in the telecommunications industry is the transmitting, receiving, or exchanging of information among multiple locations. The minimum elements required for the

telecommunications process to occur are a message source, a transmission medium and a receiver.

"Time of installation" means the date at which telecommunications plant is placed in service.

"Time of retirement" means the date at which telecommunications plant is retired from service.

"Tangible property" means assets characterized by physical existence, such as land, buildings, equipment, furniture, fixtures and tools.

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# Environmental Protection Agency Federal Register

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Tuesday  
December 2, 1986

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## Part III

# Environmental Protection Agency

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Premanufacture Notices Monthly Status  
Report for July 1986



## ENVIRONMENTAL PROTECTION AGENCY

[OPTS-53088, FRL-3105-4]

## Premanufacture Notices Monthly Status Report for July 1986

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

**SUMMARY:** Section 5(d)(3) of the Toxic Substances Control Act (TSCA) requires EPA to issue a list in the Federal Register each month reporting the premanufacture notices (PMNs) pending before the Agency and the PMNs for which the review period has expired since publication of the last monthly summary. This is the report for July 1986.

Nonconfidential portions of the PMNs may be seen in Rm. E-107 at the address

below between 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding legal holidays.

**ADDRESS:** Written comments, identified with the document control number "[OPTS-53088]" and the specific PMN number should be sent to: Document Control Officer (TS-790), Confidential Data Branch, Information Management Division, Office of Toxic Substances, Environmental Protection Agency, Rm. E-201, 401 M Street, SW., Washington, DC 20460, (202) 382-3532.

**FOR FURTHER INFORMATION CONTACT:** Wendy Cleland-Hamnett, Premanufacture Notice Management Branch, Chemical Control Division (TS-794), Office of Toxic Substances, Environmental Protection Agency, Rm. E-613, 401 M Street, SW., Washington, DC 20460, (202) 382-3725.

**SUPPLEMENTARY INFORMATION:** The monthly status report published in the Federal Register as required under section 5(d)(3) of TSCA (90 stat. 2012 (15 U.S.C. 2504)), will identify: (a) PMNs received during July; (b) PMNs received previously and still under review at the end of July; (c) PMNs for which the notice review period has ended during July; (d) chemical substances for which EPA has received a notice of commencement to manufacture during July and (e) PMNs for which the review period has been suspended. Therefore, the July 1986 PMN Status Report is being published.

Dated: October 29, 1986.

Denise Devoe,

Acting Director, Information Management Division.

## Premanufacture Notices Monthly Status Report, July 1986

## I. 248 PREMANUFACTURE NOTICES RECEIVED DURING THE MONTH

| PMN No.   | Identity/generic name  | FR Citation                   | Expiration date |
|-----------|--|-------------------------------|-----------------|
| P 86-1234 | Generic name: Poly(hydroxyether) thiol   | 51 FR 26055 (26056) (7-18-86) | Sept. 28, 1986. |
| P 86-1235 | Generic name: Polymeric aliphatic polyol   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1236 | Generic name: Phenolic polyester resin   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1237 | Generic name: Phenolic polyester resin   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1238 | Generic name: Lactam capped polyurethane   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1239 | Generic name: Amino functional paintable silicone wax  | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1240 | Generic name: Aromatic polyamide   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1241 | Generic name: Polyether modified multifunctional alkyl carbodiimide                                  | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1242 | Generic name: Multifunctional alkyl carbodiimide   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1243 | Generic name: Tall oil fatty acid modified alkyd resin   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1244 | Generic name: Aliphatic polyether prepolymer-isocyanate terminated                                   | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1245 | Generic name: Polyester resin  | 51 FR 26055 (26056) (7-18-86) | Do.             |
| P 86-1246 | Generic name: Carbinol functional silicone fluid   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1247 | Generic name: Amino amido silicone   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1248 | Generic name: Amino functional dimethyl polysiloxane   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1249 | Generic name: Amino functional polysiloxane cross linker   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1250 | Generic name: Fluoroalkyl epoxide  | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1252 | Generic name: Boron ester  | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1253 | Generic name: Disubstituted alkeneate  | 51 FR 26055 (26057) (7-18-86) | Sept. 29, 1986. |
| P 86-1254 | Generic name: Amino, neutralized alkyl phosphate   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1255 | Generic name: Amine, neutralized alkyl phosphate   | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1256 | Generic name: Orthosilicate  | 51 FR 26055 (26057) (7-18-86) | Do.             |
| P 86-1257 | Generic name: Hydroxy functional acrylate methacrylate polymer                                       | 51 FR 26941 (7-28-86)         | Sept. 30, 1986. |
| P 86-1258 | Generic name: Styrenated hydroxy functional methacrylic acrylic polymer                              | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1259 | Generic name: Ethoxpropene derivative  | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1260 | Generic name: Substituted imidazolyl   | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1261 | Generic name: Organic/inorganic copolymer  | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1262 | Generic name: Organic/inorganic copolymer  | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1263 | Phosphonic acid, 1,2-ethanediyl tetrakis (2-chloro-1-methyl) ester                                   | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1264 | Mixed polyol ester of normal and branched chain monocarboxylic acids                                 | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1265 | Generic name: Unsaturated isophthalic polyester-acrylate copolymer                                   | 51 FR 26941 (7-28-86)         | Do.             |
| P 86-1266 | Generic name: Dehydrater castor isophthalic alkyl resin  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1267 | Generic name: Poly(oxyalkylene) polyol   | 51 FR 26941 (26942) (7-28-86) | Oct. 4, 1986.   |
| P 86-1268 | Generic name: Food dye, new salt form  | 51 FR 26941 (26942) (7-28-86) | Oct. 5, 1986.   |
| P 86-1269 | Generic name: Modified polyamidoamine  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1270 | Generic name: Fatty acid modified alkyd resin  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1271 | Generic name: Epoxy resin  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1272 | Generic name: Food dye, new salt form  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1273 | Generic name: Low molecular weight polybutadiene oil containing carboxyl groups                      | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1274 | Generic name: Acrylate copolymer   | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1275 | Generic name: Mixed polyol ester of normal and branched chain monocarboxylic acid                    | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1276 | Generic name: Urethane modified alkyd  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1277 | Trimethylolpropane trithioglycolate acetic acid, mercapto-2-ethyl-2-(1(mercapto acetoxy resin        | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1278 | Generic name: Fatty acid modified polyester  | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1280 | Generic name: Substituted fatty acid amide   | 51 FR 26941 (26942) (7-28-86) | Do.             |
| P 86-1281 | Generic name: Monosubstitutedalkylbenzene-diazonium chloride   | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1282 | Generic name: Monosubstitutedalkylbenzene-sulfonyl chloride  | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1283 | Generic name: Monosubstitutedalkylbenzene-sulfonamide  | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1284 | Generic name: Polyester-modified epoxy methacrylate  | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1285 | 2-naphthalenecarboxamide, 3-hydroxy-n-(2,4-dimethoxyphenyl)-, potassium salt                         | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1286 | 2-naphthalenecarboxamide, 3-hydroxy-7-methoxy-n-2-phenyl-, potassium salt                            | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1287 | 2-naphthalenecarboxamide, 3-hydroxy-7-methoxy-n-(2-methylphenyl)-, potassium salt                    | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1288 | Generic name: Anionic substituted aromatic   | 51 FR 26941 (26943) (7-28-86) | Oct. 6, 1986.   |
| P 86-1289 | Generic name: Anionic substituted aromatic   | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1290 | Generic name: Substituted phthalocyanine   | 51 FR 26941 (26943) (7-28-86) | Oct. 7, 1986.   |
| P 86-1291 | Generic name: Derivative of amines, polyethylene poly-compounds with (polybutenyl) succine anhydride | 51 FR 26941 (26943) (7-28-86) | Do.             |



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| PMN No.   | Identity/generic name  | FR Citation                   | Expiration date |
|-----------|--|-------------------------------|-----------------|
| P 86-1292 | Generic name: Polymer of acrylic acid esters, a vinyl monomer, and a methacrylic ester   | 51 FR 26941 (26943) (7-28-86) | Do.             |
| P 86-1293 | Generic name: Anionic polymer  | 51 FR 27085 (7-28-86)         | Do.             |
| P 86-1294 | Generic name: Blocked isocyanate   | 51 FR 27085 (7-29-86)         | Oct. 8, 1986.   |
| P 86-1295 | Generic name: Polyester-modified epoxy methacrylate  | 51 FR 27085 (7-29-86)         | Do.             |
| P 86-1296 | Generic name: Polyester-modified epoxy methacrylate  | 51 FR 27085 (7-29-86)         | Do.             |
| P 86-1297 | Generic name: Polyester-modified epoxy methacrylate  | 51 FR 27085 (7-29-86)         | Do.             |
| P 86-1298 | Benzenesulfonic acid, C <sub>12</sub> -C <sub>18</sub> derivatives, monoethanolamine salt  | 51 FR 27085 (7-29-86)         | Oct. 11, 1986.  |
| P 86-1299 | Generic name: Multi-functional urethane polymer  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1300 | Generic name: Cross-linked acrylic resin   | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1301 | Naphth(coal), gasification, light  | 51 FR 27085 (27086) (7-29-86) | Oct. 12, 1986.  |
| P 86-1302 | Tar acids, coal gasification   | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1303 | Tar acids, coal gasification, low temperature  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1304 | Generic name: Dicyclopentadiene-maleic anhydride polymer, alkylimide   | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1305 | Generic name: Hydrocarbon modified maleinated rosin ester  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1306 | Generic name: Reaction product of polyalkenyl acid anhydride with amine  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1307 | Generic name: Reaction product of polyalkenyl acid anhydride with amine  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1308 | Generic name: Substituted aromatic alcohol   | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1309 | Generic name: Aromatic amine terminated epoxy adduct   | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1310 | Generic name: Phenolic modified rosin ester  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1311 | Generic name: Ethylene interpolymer  | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1312 | Polymer of epsilon-caprolactone and polyethylene glycol, 1,3-benzenedicarboxylic acid, polymer with 1,6-hexanediol and nonanedioic acid, 1,1' biphenyl, 4,4'-diisocyanato-3,3' dimethyl, poly(oxy-1,4-butanediyl), alpha-[[[3-isocyanatomethyl] carbonyl] amino]carbonyl-omega-[[[3-isocyanatomethyl] phenyl]amino]carbonyl]oxy], polytetramethylene amide-di-p-aminobenzoate, and 1,4 butanediol. | 51 FR 27085 (27086) (7-29-86) | Do.             |
| P 86-1313 | 1-(3-chlorophenoxy)-3-phenoxybenzene   | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1314 | Generic name: Hydrocarbon resin  | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1315 | Generic name: Alkylolamide   | 51 FR 27085 (27087) (7-29-86) | Oct. 13, 1986.  |
| P 86-1316 | Generic name: Neutralized acrylic copolymer  | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1317 | Pyrophosphoryl chloride  | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1318 | Generic name: (Substituted carbonyl, alkylsulfoniamino) aryl and (dialkylaryl alkylamino and halo) aryl substituted pentanamide.   | 51 FR 27085 (27087) (7-29-86) | Oct. 14, 1986.  |
| P 86-1319 | Generic name: (Halo substituted phenyl) substituted aryl butanamide  | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1320 | Generic name: Substituted alkene-imide co-polymer  | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1321 | Generic name: Drying oil   | 51 FR 27085 (27087) (7-29-86) | Do.             |
| P 86-1322 | Generic name: Aromatic diamine, thio-methylated  | 51 FR 28875 (28876) (8-12-86) | Oct. 15, 1986.  |
| P 86-1323 | Generic name: Substituted vinyl acetate/ethylene polymer   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1324 | Generic name: Copolymer of methacrylic ester   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1325 | Generic name: Functional acrylate methacrylate polymer   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1326 | Generic name: RTV-1 silicone rubber acetoxy cross-linker   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1327 | Generic name: Non-paintable silicone wax   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1328 | Generic name: Substituted polyhydroxy aromatic compound  | 51 FR 28875 (28876) (8-12-86) | Oct. 18, 1986.  |
| P 86-1329 | Generic name: C <sub>18</sub> unsaturated dimer, sebacic acid piperazine, ethylenediamine, hydrocarbonamine polymer  | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1330 | Generic name: Methyl esters of a carboxylic acid in solution   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1331 | Generic name: Alkyl benzotriazole  | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1332 | Generic name: Alkyl benzotriazole sodium salt solution   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1333 | Generic name: Mixed haloalkyl phosphates   | 51 FR 28875 (28876) (8-12-86) | Do.             |
| P 86-1334 | Generic name: Monohydric alcohol ester of tall oil fatty acids, oxidized fatty acids, tall oil ester of heavy oxo alcohol distillation bottoms, oxidized.  | 51 FR 28875 (28877) (8-12-86) | Oct. 20, 1986.  |
| P 86-1335 | Generic name: Alkydiol polyester polyurethane  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1336 | Generic name: Hexanediol polyester polyurethane  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1337 | Generic name: Polyester of 1,6-hexanediol  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1338 | Generic name: Alkanediol polyester polyurethane  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1339 | Generic name: Mercapto functional paintable silicone fluid   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1340 | Generic name: Unsaturated aromatic hydrocarbon   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1341 | Generic name: Unsaturated aromatic hydrocarbon   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1342 | Generic name: Acrylate capped brominated polyether ester of benzophenone tetracarboxylic dianhydride reaction product with isocyanate adduct of alkoxyated, polyol.  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1343 | Generic name: Aliphatic polyether urethane   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1344 | Generic name: Aliphatic polyester urethane   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1345 | Generic name: Polyurethane modified polymer  | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1346 | Generic name: Perfluoro alkyl benzene diol   | 51 FR 28875 (28877) (8-12-86) | Oct. 21, 1986.  |
| P 86-1347 | Generic name: Perfluoro dialkanol of iodobenzene   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1348 | Generic name: Perfluoro alkyl polyol   | 51 FR 28875 (28877) (8-12-86) | Do.             |
| P 86-1351 | Generic name: Potassium alkenyl succinate  | 51 FR 28875 (28878) (8-12-86) | Oct. 22, 1986.  |
| P 86-1352 | Generic name: Dialkylated naphthalene sulfonic acid calcium salt   | 51 FR 28875 (28878) (8-12-86) | Aug. 24, 1986.  |
| P 86-1353 | Generic name: Dialkyl dimethoxysilane  | 51 FR 28875 (28878) (8-12-86) | Oct. 22, 1986.  |
| P 86-1354 | Generic name: Siloxanes, alkyl methyl, dimethyl  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1355 | Generic name: Amino functional polydimethylsiloxane gum  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1356 | Generic name: Vinylsiloxane and hydroxy terminated fluoro silicone gum   | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1357 | Generic name: (Alkylaryl)heterocycle alkenyl substituted quinolinium salt with trifluoromethanesulfonic acid   | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1358 | Generic name: Hydroxy substituted benzoic acid derivative  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1359 | Generic name: Alkyl and aryl substituted quinoline   | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1360 | Generic name: Dialkyl quinoline  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1361 | Generic name: Di(alkylaryl) substituted cyclo-propene  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1362 | Generic name: Alkylarylindole, alkyl and oxo substituted dioxane   | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1363 | Generic name: Dialkyl quinolinium methylsulfate  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1364 | Generic name: 1,1' biphenyl substituted  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1365 | Generic name: Indole-3-butyrac acid, potassium salt  | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1366 | Generic name: Nitrogen heterocycle   | 51 FR 28875 (28878) (8-12-86) | Do.             |
| P 86-1368 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1369 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1370 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1371 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1372 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1373 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1374 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1375 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1376 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1377 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1378 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1379 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |
| P 86-1380 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28879) (8-12-86) | Do.             |



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| PMN No.   | Identity/generic name  | FR Citation                   | Expiration date |
|-----------|--|-------------------------------|-----------------|
| P 86-1381 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1382 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1383 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1384 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1385 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1386 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1387 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1388 | Generic name: Perfluoro alkyl perfluoro dialkanol of benzene   | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1389 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1390 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1391 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1392 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1393 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1394 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28880) (8-12-86) | Do.             |
| P 86-1395 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1396 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1397 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1398 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1399 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1400 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1401 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1402 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1403 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1404 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1405 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1406 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1407 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1408 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28881) (8-12-86) | Do.             |
| P 86-1409 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28882) (8-12-86) | Do.             |
| P 86-1410 | Generic name: Perfluoro alkyl benzene epoxy ether  | 51 FR 28875 (28882) (8-12-86) | Do.             |
| P 86-1411 | Generic name: Urethane additive for electrophoresis  | 51 FR 28882 (8-12-86)         | Oct. 26, 1986.  |
| P 86-1412 | Generic name: Urethane additive for electrophoresis  | 51 FR 28882 (8-12-86)         | Do.             |
| P 86-1413 | Generic name: Polyester modified epoxy resin   | 51 FR 28882 (8-12-86)         | Do.             |
| P 86-1414 | Generic name: Polyester resin  | 51 FR 28882 (8-12-86)         | Do.             |
| P 86-1415 | Generic name: Epoxy resin  | 51 FR 28882 (8-12-86)         | Do.             |
| P 86-1416 | Generic name: Epoxy resin  | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1417 | Generic name: Epoxy modified polyester resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1418 | Generic name: Fatty acid ester   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1419 | Generic name: Modified epoxy diamine resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1420 | Generic name: Polyester resin  | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1421 | Generic name: Modified epoxy resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1422 | Generic name: Modified acrylic resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1423 | Generic name: Epoxy modified acrylic resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1424 | Generic name: Dibenzoate ester   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1425 | Generic name: Unsaturated polyester  | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1426 | Generic name: Phenolic acrylic   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1427 | Generic name: Phenolic acrylic   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1428 | Generic name: Phenolic acrylic   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1429 | Generic name: Phenolic acrylic   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1430 | Generic name: Phenolic acrylic/polyester resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1431 | Generic name: Phenolic acrylic   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1432 | Generic name: Phenolic acrylic/polyester resin   | 51 FR 28882 (28883) (8-12-86) | Do.             |
| P 86-1433 | Generic name: Phenolic polyester resin   | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1434 | Generic name: Phenolic polyester resin   | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1435 | Generic name: Methylenebis(isocyanato-cyclohexane), polymer with hydroxy polyester acrylate  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1436 | Generic name: Methylenebis(isocyanato cyclo-hexane), polymer with alkanediol, phthalic anhydride, tone M-100 and polyalkylenetriol | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1437 | Generic name: Polymer of phthalic anhydride, alkanediol and polyalkylenetriol  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1438 | Generic name: Saturated polyester  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1439 | Generic name: Substituted benzene-terpene resin  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1440 | Generic name: Phthalane carboxylic acid ethoxyethylester   | 51 FR 28882 (28884) (8-12-86) | Oct. 27, 1986.  |
| P 86-1441 | Generic name: Pyrrolopyrrol  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1442 | Generic name: Polyester aromatic urethane  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1443 | Generic name: Silicized epoxy resin  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1444 | Generic name: 4-hydroxy-3-nitrobenzoic acid, methyl ester  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1445 | Generic name: Vegetable oil polyamide resin  | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1446 | Generic name: 1,4-benzenedicarboxylic acid, polymer with 1,2 benzenedicarboxylic acid, 1,4-butanediol and 1,6 hexanediol           | 51 FR 28882 (28884) (8-12-86) | Do.             |
| P 86-1447 | Generic name: Hydroxyl-terminated polyester polyol   | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1448 | Generic name: Thixotropic alkyd resin  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1449 | Generic name: Alkyd resin  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1450 | Generic name: Polyfunctional methacrylate of polyisocyanate adduct of alkoxyolated polyol  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1451 | Generic name: Vegetable fatty acid amide   | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1452 | Generic name: Alkanolamine adduct of acrylate oligomer   | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1453 | Generic name: Siloxanes and silicones, di-me hydrogen terminated, reaction product with alkyl glycidyl ether                       | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1454 | Generic name: Thixotropic alkyd resin  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1455 | Generic name: Alkyd resin  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1456 | Generic name: Copolyamide from dicarboxylic acid, lactam and diamines  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1457 | Generic name: Substituted bisbenzophenone  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1458 | Generic name: Copolyester  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1459 | Generic name: Polymer of alkanolamines, alkanediols, aliphatic and aromatic acids  | 51 FR 28882 (28885) (8-12-86) | Do.             |
| P 86-1460 | Polymer of Desmodur 10, Duracarb 122, Dianol 2210, hydroxy ethyl acrylate, and Jeffamine D-230                                     | 51 FR 28882 (28885) (8-12-86) | Do.             |
| Y 86-180  | Generic name: Hydroxy functional acrylic copolymer   | 51 FR 26057 (26058) (7-18-86) | July 21, 1986.  |
| Y 86-181  | Generic name: Hydroxy functional acrylic copolymer   | 51 FR 26057 (26058) (7-18-86) | Do.             |
| Y 86-182  | Generic name: Polyester of carbomonocyclic acid, sulfonated carbocyclic diester, and alkylene glycol                               | 51 FR 26057 (26058) (7-18-86) | July 22, 1986.  |
| Y 86-183  | Generic name: Acrylic resin  | 51 FR 26187 (7-21-86)         | July 23, 1986.  |
| Y 86-184  | Generic name: Hydroxy functional acrylic copolymer   | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-185  | Generic name: Hydroxy functional acrylic copolymer   | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-186  | Generic name: Acrylic resin  | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-187  | Generic name: Acrylic resin  | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-188  | Generic name: Hydroxy functional acrylic copolymer   | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-189  | Generic name: Modified tall oil alkyd  | 51 FR 26187 (7-21-86)         | July 27, 1986.  |



## I. 248 PREMANUFACTURE NOTICES RECEIVED DURING THE MONTH—Continued

| PMN No.  | Identity/generic name   | FR Citation                   | Expiration date |
|----------|---|-------------------------------|-----------------|
| Y 86-190 | Generic name: Styrenated/acrylate alkyl.....  | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-191 | Generic name: Hydroxy functional acrylic copolymer.....   | 51 FR 26187 (7-21-86)         | Do.             |
| Y 86-192 | Generic name: Unsaturated polyester.....  | 51 FR 27087 (27088) (7-29-86) | Aug. 4, 1986.   |
| Y 86-193 | Generic name: Unsaturated polyester.....  | 51 FR 27087 (27088) (7-29-86) | Do.             |
| Y 86-194 | Generic name: Polyurethane.....   | 51 FR 27087 (27088) (7-29-86) | Aug. 5, 1986.   |
| Y 86-195 | Generic name: Acrylic polymer.....  | 51 FR 28874 (28875) (8-12-86) | Aug. 7, 1986.   |
| Y 86-196 | Polymer of 4,4-isopropylidenedicyclohexanol epichlorohydrin bisphenyl A, linseed fatty acids, conjugated tall oil fatty acids, glacial acrylic acid, butyl acrylate, styrene. | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-197 | Generic name: Acrylic resin.....  | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-198 | Generic name: Acrylic resin.....  | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-199 | Generic name: Acrylic resin.....  | 51 FR 28874 (28875) (8-12-86) | Aug. 10, 1986.  |
| Y 86-200 | Generic name: Acrylic resin.....  | 51 FR 28874 (28875) (8-12-86) | Aug. 11, 1986.  |
| Y 86-201 | Generic name: Acrylic modified epoxy.....   | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-202 | Generic name: Saturated polyester.....  | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-203 | Generic name: Saturated polyester.....  | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-204 | Generic name: Polyester resin of aryl dicarboxylic acids plus alkane diols.....   | 51 FR 28874 (28875) (8-12-86) | Do.             |
| Y 86-205 | Generic name: Water reducible alkyl resin.....  | 51 FR 28874 (28875) (8-12-86) | Aug. 13, 1986.  |

## II. 124 PREMANUFACTURE NOTICES RECEIVED PREVIOUSLY AND STILL UNDER REVIEW AT THE END OF THE MONTH

## PMN NO.

P 86-1110 P 86-1154  
P 86-1111 P 86-1155  
P 86-1112 P 86-1156  
P 86-1113 P 86-1157  
P 86-1114 P 86-1158  
P 86-1115 P 86-1159  
P 86-1116 P 86-1160  
P 86-1117 P 86-1161  
P 86-1118 P 86-1162  
P 86-1119 P 86-1163  
P 86-1120 P 86-1164  
P 86-1121 P 86-1165  
P 86-1122 P 86-1166  
P 86-1123 P 86-1167  
P 86-1124 P 86-1168  
P 86-1125 P 86-1169  
P 86-1126 P 86-1170  
P 86-1127 P 86-1171  
P 86-1128 P 86-1172  
P 86-1129 P 86-1173  
P 86-1130 P 86-1174  
P 86-1131 P 86-1175  
P 86-1132 P 86-1176  
P 86-1133 P 86-1177  
P 86-1134 P 86-1178  
P 86-1135 P 86-1179  
P 86-1136 P 86-1180  
P 86-1137 P 86-1181  
P 86-1138 P 86-1182  
P 86-1139 P 86-1183  
P 86-1140 P 86-1184  
P 86-1141 P 86-1185  
P 86-1142 P 86-1186  
P 86-1143 P 86-1187  
P 86-1144 P 86-1188  
P 86-1145 P 86-1189  
P 86-1146 P 86-1190  
P 86-1147 P 86-1191  
P 86-1148 P 86-1192  
P 86-1149 P 86-1193  
P 86-1150 P 86-1194  
P 86-1151 P 86-1195  
P 86-1152 P 86-1196  
P 86-1153 P 86-1197

P 86-1198  
P 86-1199  
P 86-1200  
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Y 86-177  
Y 86-178  
Y 86-179

## III. 152 PREMANUFACTURE NOTICES FOR WHICH THE NOTICE REVIEW PERIOD HAS ENDED DURING THE MONTH. (EXPIRATION OF THE NOTICE REVIEW PERIOD DOES NOT SIGNIFY THAT THE CHEMICAL HAD BEEN ADDED TO THE INVENTORY)

## PMN No.

P 86-835  
P 86-836  
P 86-837  
P 86-838  
P 86-839  
P 86-840  
P 86-841  
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P 86-879  
P 86-880



## IV. 52 CHEMICAL SUBSTANCES FOR WHICH EPA HAS RECEIVED NOTICES OF COMMENCEMENT TO MANUFACTURE

| PMN No.   | Identity/generic name   | Date of commencement |
|-----------|---|----------------------|
| P 84-1060 | Generic name: Polyamide-graft-polyacrylate polymer  | May 7, 1985          |
| P 84-1083 | 1,3-bis(1-phenylethyl) benzene  | June 24, 1986        |
| P 85-31   | Generic name: Carbopolycycle sulfonate of substituted phenyl azosubstituted heteromonocycle   | June 9, 1986         |
| P 85-41   | Carboxylic acids, C <sub>6</sub> -C <sub>14</sub> mono and C <sub>6</sub> -C <sub>14</sub> di-, polymers with adipic acid; 1,4-but anediol; and propylene glycols | July 11, 1986        |
| P 85-237  | Strontium, calcium, barium chloride phosphate; europium activated   | May 12, 1986         |
| P 85-360  | Generic name: Partial metal complex of aminomethylene phosphonic acid   | June 16, 1986        |
| P 85-406  | Condensation product of nonylphenol-form aldehyde, ethoxylate, benzoic acid, maleic anhydride and sodium sulfite  | June 25, 1986        |
| P 85-993  | Generic name: Polyester polyol terminated toluene diisocyanate polymer  | May 28, 1986         |
| P 85-1023 | Polyfluoroalkyl thiocyanate   | July 14, 1986        |
| P 85-1024 | Polyfluoroalkylsulfonamido propylamine  | Do.                  |
| P 85-1025 | Polyfluoroalkyl betaine   | Do.                  |
| P 85-1110 | Generic name: (N-substituted-aminocarbonyl) alkyl-substituted aromatic heterocycle, halide salt   | Oct. 29, 1985        |
| P 85-1267 | Copper complex of 1-acetyl-amino-8-hydroxy-7-(4'-ethyl sulfonyl sulfuric acid-ester potassium salt phenylazo) naphthalene 3,6-disulfonic acid dipotassium salt    | May 15, 1986         |
| P 85-1269 | Copper complex of (1-(4''-sulfophenyl potassium salt)-3-methyl-4-(2'-methoxy-5''-ethylsulfonyl sulfuric acid ester potassium salt phenylazo)-5-pyrazolone)        | Apr. 5, 1986         |
| P 85-1326 | Generic name: Polysuccinimide amide   | June 29, 1986        |
| P 85-33   | Generic name: Polyester resin   | July 7, 1986         |
| P 86-91   | Generic name: Phenolic acrylic  | June 23, 1986        |
| P 86-95   | Generic name: Polyamide resin   | June 16, 1986        |
| P 86-96   | Generic name: Polyamide resin   | Do.                  |
| P 86-116  | Generic name: Esterified aromatic carboxylic acid   | June 24, 1986        |
| P 86-129  | (4-sulfonamido-benzene-ethyl sulfonyl sulfuric ester-sodium salt) 1.4 (sulfonic acid sodium salt)2.6 of copper phthalocyanine                                     | Dec. 3, 1985         |
| P 86-146  | Generic name: Polyamide resin   | June 16, 1986        |
| P 86-148  | Generic name: Polyamide resin   | Do.                  |
| P 86-327  | 3-(3-oxo-1H-naphtho(1,8-cd)pyran-1-ylidene)-3H-indole-7-carboxylic acid, sodium salt  | June 10, 1986        |
| P 86-328  | 3-(3-oxo-1H,3H-naphtho(1,8-cd)pyran-1-ylidene)-3H-indole-7-carboxylic acid  | June 12, 1986        |
| P 86-346  | Generic name: Substituted acrylated alkoxylated aliphatic polyol  | June 24, 1986        |
| P 86-347  | Generic name: Polyether   | Do.                  |
| P 86-399  | Generic name: N-substituted dialkylene-triamine   | June 30, 1986        |
| P 86-421  | Generic name: Modified, maleated metal resin  | June 9, 1986         |
| P 86-422  | Generic name: Modified polycarbonate  | May 20, 1986         |
| P 86-462  | Generic name: Substituted monoazo indole  | June 16, 1986        |
| P 86-506  | Generic name: Halogenated aromatic ether  | June 12, 1986        |
| P 86-541  | Generic name: Alkyl heterocyclic carbamoyl halide   | June 30, 1986        |
| P 86-573  | Generic name: 4,4'-bis(anilino-6-substituted-1,3,5-triazin-2-4-ylamino) substituted stilbene  | June 14, 1986        |
| P 86-601  | Generic name: Dialkyl ether   | June 21, 1986        |
| P 86-623  | Generic name: Dibutyltin borate   | June 10, 1986        |
| P 86-625  | Methacrylic acid 3-(chlorodimethylsilyl) propylester  | July 19, 1986        |
| P 86-639  | Generic name: Copolymers of fluorolefin and vinyl ethers  | July 15, 1986        |
| P 86-640  | Generic name: Copolymers of fluorolefin and vinyl ethers  | Do.                  |
| P 86-642  | Generic name: Copolymers of fluorolefin and vinyl ethers  | Do.                  |
| P 86-663  | Diphenol phosphite  | June 16, 1986        |
| P 86-664  | Generic name: Substituted acrylic polymer   | June 17, 1986        |
| P 86-701  | Generic name: Acrylic resin   | June 18, 1986        |
| P 86-712  | Generic name: Cycloalkenyl alkanolate   | June 28, 1986        |
| P 86-713  | Generic name: Alkyl cycloalkenyl alkanediolate  | June 23, 1986        |
| P 86-715  | Generic name: Alkene/substituted alkene/substituted alkoxyalkenecopolymer   | June 24, 1986        |
| P 86-855  | Generic name: Metal alkoxy halide   | July 14, 1986        |
| Y 86-5    | Generic name: Silicone modified alkyl polymer   | Oct. 29, 1985        |
| Y 86-33   | Generic name: Acetal copolymer  | July 7, 1986         |
| Y 86-71   | Generic name: Polymer of alkenyl benzene and mixed alkyl esters of alkenyl carboxylic acids   | June 10, 1986        |
| Y 86-132  | Generic name: Polyester of carbomonocyclic acid, sulfonated carbomonocyclic ester, alkylene glycol and cycloalkylene glycol                                       | June 20, 1986        |
| Y 86-166  | Generic name: Acrylic solution  | June 30, 1986        |

## V. 10 PREMANUFACTURE NOTICES FOR WHICH THE REVIEW PERIOD HAS BEEN SUSPENDED

| PMN No.   | Identity/generic name  | FR citation                   | Date suspended |
|-----------|--|-------------------------------|----------------|
| P 86-411  | Generic name: Substituted alkyl benzotriazole  | 51 FR 4030 (4032) (1-31-86)   | July 18, 1986  |
| P 86-412  | Generic name: Substituted alkyl benzotriazole  | 51 FR 4030 (4032) (1-31-86)   | Do.            |
| P 86-831  | Generic name: Alkyl substituted pyridine   | 51 FR 12557 (12559) (4-11-86) | July 15, 1986  |
| P 86-832  | Generic name: Reaction product of hydroxyethyl acrylate and methyl oxirane   | 51 FR 12557 (12559) (4-11-86) | July 7, 1986   |
| P 86-1011 | Mixed C <sub>6</sub> /C <sub>8</sub> /C <sub>10</sub> dimer and C <sub>6</sub> /C <sub>8</sub> ethers; (gases extractive, C <sub>6</sub> -C <sub>8</sub> amylene rich, reaction products with olefins and methanol, distillation residues) | 51 FR 18037 (18040) (5-16-86) | July 29, 1986  |
| P 86-1043 | Generic name: Monosubstituted alkoxyaminotriazine  | 51 FR 20706 (6-6-86)          | Do.            |
| P 86-1044 | Generic name: Monosubstituted alkoxyaminotriazine  | 51 FR 20706 (6-6-86)          | Do.            |
| P 86-1105 | Generic name: Allyl alcohol ester of acetoacetic acid  | 51 FR 21795 (6-16-86)         | July 14, 1986  |
| P 86-1270 | Generic name: Fatty acid modified alkyl resin  | 51 FR 26941 (26942) (7-28-86) | July 23, 1986  |
| P 86-1321 | Generic name: Drying oil   | 51 FR 27085 (27087) (7-29-86) | July 24, 1986  |

[FR Doc. 86-24996 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M



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Tuesday  
December 2, 1986

# Federal Register

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## Part IV

### Department of Health and Human Services

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#### Office of Child Support Enforcement

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45 CFR Parts 301, 302, 303, and 305  
Child Support Enforcement Program;  
Provision of Services in Interstate IV-D  
Cases; Notice of Proposed Rulemaking



**DEPARTMENT OF HEALTH AND  
HUMAN SERVICES**

**Office of Child Support Enforcement**

**45 CFR Parts 301, 302, 303, and 305**

**Child Support Enforcement Program;  
Provision of Services in Interstate IV-  
D Cases**

**AGENCY:** Office of Child Support  
Enforcement (OCSE), HHS.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This proposed regulation revises current regulations at 45 CFR 301.1, 302.36, 303.7, 305.20 and 305.32 by clarifying the responsibilities of initiating and responding States in referring and processing interstate IV-D cases and by revising existing audit criteria to reflect these proposed changes. By requiring the establishment of a central registry for receipt of interstate IV-D cases, the proposed regulation would ensure the consistent and expeditious treatment of these cases.

The regulation would also clarify responsibility for payment of blood testing in establishing paternity as well as other costs in processing interstate IV-D cases and set time frames for acknowledging receipt of and requesting or providing additional information on interstate IV-D cases.

**DATE:** Consideration will be given to comments received by February 2, 1987.

**ADDRESS:** Send comments to Director, Office of Child Support Enforcement, Department of Health and Human Services, Room 1010, 6110 Executive Boulevard, Rockville, Maryland 20852. Comments will be available for public inspection Monday through Friday, 8:30 a.m. to 5:00 p.m. in Room 1010 of the Department's office at the above address.

**FOR FURTHER INFORMATION CONTACT:**  
Joyce Linder, (301) 443-5350.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Child Support Enforcement program was created in response to the alarming rise in welfare costs resulting from increasing non-marital birth rates and parental desertion of families, and to the growing demand on the Congress to relieve taxpayers of the financial burden of supporting these families. Since enactment of title IV-D of the Social Security Act in January 1975, States have been required to cooperate with one another in locating absent parents, establishing paternity and obtaining and enforcing support owed by absent parents to their children.

From the beginning of the IV-D program, States have tended to give less than equal attention and treatment to working interstate IV-D cases. In order to carry out their responsibilities under the IV-D program with respect to interstate cases, States must focus greater attention on these cases.

Certain provisions of the Child Support Enforcement Amendments of 1984 (Pub. L. 98-378) were enacted as a result of an effort to improve interstate enforcement. They provide that the laboratory costs of determining paternity may be deducted from administrative costs for purposes of computing incentive payments; amounts collected in interstate cases will be credited, for purposes of computing incentive payments, to both the initiating and responding States; and, that \$7 million in FY 1985, \$12 million in FY 1986 and \$15 million in FY 1987 and years thereafter would be authorized to fund special projects developed by States for demonstrating innovative techniques or procedures for improving child support collections in interstate cases. In addition, the new legislation requires States to have procedures for interstate enforcement of wage withholding and to use expedited processes and other techniques in interstate as well as intrastate cases. These provisions, along with this proposed regulation, will improve State efforts to establish and enforce support in interstate IV-D cases.

In 1982, OCSE funded a grant to collect background data on interstate child support enforcement to better understand the interstate process; to analyze the data to identify the major problems inhibiting effective interstate case processing; and to identify procedural, legislative, regulatory, and policy changes to help OCSE select the appropriate mix of policy and program modifications necessary to improve the enforcement of child support obligations across State lines. The final report of the Interstate Child Support Collections Study (hereafter cited as the Study) issued May 1, 1985 suggested that existing regulations concerning interstate child support enforcement lack necessary direction and control mechanisms for the enforcement of interstate child support orders. (Copies of the Study are available from the OCSE National Reference Center, 6110 Executive Boulevard, Suite 820, Rockville, Maryland 20852.) A primary recommendation was the development of more comprehensive regulations governing interstate cases. Specific criticisms were that existing regulations provide insufficient guidance for processing interstate referrals; do not

require States to establish orders in interstate cases; lack specificity in requiring States to cooperate in interstate child support enforcement; lack specific procedural mechanisms for paternity establishment; and do not require monitoring and following up on incoming interstate cases. In addition, study responses indicated that State and local jurisdictions do not consider current Federal legislation and regulations adequate to carry out interstate child support enforcement, and that States lack sufficient motivation to work interstate caseloads since they are viewed as a burden and are given low priority in the allocation of staff time and resources.

One of the major problems identified by the Study was that State and local IV-D agencies rely on straight Uniform Reciprocal Enforcement of Support Act (URESA) actions in many situations where a superior remedy may be available. It takes longer to establish a new support order than to enforce an existing order and opens the door to possible relitigation of the issue of current support as well as arrearages. URESA is often chosen because it is easy to initiate and because program staff and attorneys are often unaware of the existence of alternate remedies. See Study, pp. 72-73. Such alternatives as use of long-arm statutes, wage withholding and registration of existing orders are discussed in more detail below.

Following the issuance of the Study final report, in 1985 OCSE invited private attorneys, representatives of the American Bar Association, members of State Commissions on Child Support, members of the judiciary, representatives of the National Child Support Enforcement Association (NCSEA) and State IV-D directors to discuss interstate cooperation (hereinafter "the 1985 discussions"). Many of the concerns mentioned in the Study were discussed, including cost recovery, payment of blood testing costs, establishment of a central registry for receiving and controlling all incoming interstate IV-D cases, and time frames for processing cases. The discussions addressed ways to motivate States to pursue interstate activities, as well as ways to streamline the process and make it more effective. Those 1985 discussions and recommendations were considered in drafting this proposed regulation.

We believe that the interstate process can be improved and have made this one of OCSE's priorities. In addition to the Study, other efforts include:



(1) Development of standardized transmittal forms (discussed in more detail later in this preamble);

(2) Development by the American Bar Association (ABA) and the National Conference of State Legislatures (NCSL) of a model interstate wage withholding act with comments;

(3) Publication of a URESA digest containing each State's URESA act;

(4) Development by the ABA of training on the interstate process for clerks of the court and other interested State employees involved in the process; and

(5) Awards, in FY 1985, of \$7 million in grants for 15 interstate projects involving 37 States to improve the interstate process. Project areas include clearinghouses and interstate case tracking to improve case processing; regional linkage of data bases to improve absent parent location and paternity establishment; standardized procedures to improve the speed of interstate case processing; and teleconferencing for paternity testimony to speed paternity establishment.

Although current regulations require a State to cooperate with any other State in carrying out any functions required under a IV-D State plan, this proposed regulation clarifies State responsibilities and emphasizes the need for States to be more responsive and dedicated to processing interstate IV-D cases to ensure that all children receive the support they deserve. We want to stress that States must meet all requirements imposed by Federal regulations in interstate as well as intrastate cases, regardless of whether or not the requirement is part of or referenced in § 302.36 or § 303.7. This includes wage withholding and expedited process time frames, as well as all other applicable requirements in 45 CFR Parts 301 through 307.

#### Statutory Authority

This regulation is proposed under the authority of section 1102 of the Social Security Act (the Act) which requires the Secretary to publish regulations that may be necessary for the efficient administration of the functions for which he is responsible under the Act.

Section 454(9) of the Act requires each State, in accordance with standards prescribed by the Secretary, to cooperate with any other State in establishing paternity, if necessary; in locating an absent parent in the State; in securing compliance by an absent parent residing in the State with an order issued by a court of competent jurisdiction against the parent for the support and maintenance of the child or the child and parent of the child with

respect to whom aid is being provided under the plan of such other State; and, in carrying out other IV-D functions. Therefore, ample statutory authority exists to prescribe standards which States must meet to fulfill their responsibilities under the State plan to pursue interstate IV-D cases.

#### Regulatory Provisions

This proposed regulation revises current regulations at 45 CFR 301.1, 302.36, 303.7, 305.20 and 305.32. It would require under the title IV-D State plan that States extend to interstate IV-D cases the full range of services available in the State for locating absent parents; establishing paternity; establishing a child support obligation; and securing compliance by an absent parent with a support order. In addition, this proposed regulation would require the establishment of a central registry in each State for receiving and controlling all incoming interstate IV-D cases and would revise existing audit criteria to address changes in §§ 302.36 and 307.7.

#### General Definition—§ 301.1

We propose to add a definition of the term "central registry" to § 301.1. Proposed § 303.7(a) requires States to establish an interstate central registry to oversee the processing of incoming interstate IV-D cases. The rationale for, and responsibilities of, the interstate central registry are discussed in detail under a separate heading. We propose to define a central registry as an individual or office within the State IV-D agency which receives, controls, and has oversight responsibility for processing incoming interstate IV-D cases, including URESA petitions and requests for wage withholding. At State option, the central registry may also perform these functions for intrastate IV-D cases involving more than one county in the State to alleviate difficulties in processing intrastate cases across county lines.

#### State Plan Requirement—§ 302.36

This proposed regulation expands 45 CFR 302.36 in several ways. First, the section title, Cooperation with other States, would be changed to Provision of services in interstate IV-D cases, because we believe the term cooperation does not adequately describe a State's responsibility to process interstate IV-D cases.

Second, we propose to include a requirement that States establish a child support obligation, if necessary, in interstate cases. Current § 302.36 does not address establishment of child support orders and, to clarify that States are required to provide all necessary

IV-D services in interstate cases, we believe it is necessary to refer to establishment of child support orders in § 302.36(a).

Third, the proposed § 302.36(b) would require each State to establish a central registry to receive and control all incoming interstate IV-D cases as described in more detail below.

Finally, other minor editorial and clarifying changes are proposed to further expand this section.

#### Provision of Services in Interstate IV-D Cases—§ 303.7

The proposed regulation would substantially revise 45 CFR 303.7 to delineate clearly the responsibilities of responding and initiating States, as well as to require each State to establish a central registry for receipt of interstate IV-D cases. In addition, the section title, Cooperation with other States, would be changed to Provision of services in interstate IV-D cases, for the reasons explained previously.

#### Interstate Central Registry—§ 303.7(a)

Section 303.7(a) requires States to establish, and sets forth requirements governing, interstate central registries.

1. *Establishment.* In paragraph (a)(1), we propose that each State agency establish a central registry responsible for receiving and controlling all incoming interstate IV-D cases, including URESA petitions and requests for wage withholding in IV-D cases.

One of the major problems cited in the Study is that, once an initiating State sends an interstate case to the responding State, the initiating State is unable to determine where the case was sent for action within the responding State and if any action is being taken. Indeed, more than half of the Study respondents indicated that no single individual has oversight responsibility for interstate case processing in their States. See Study, p. 50. We believe that establishing a central registry to which all incoming interstate IV-D cases are sent would help alleviate this confusion. Such a central registry would have oversight responsibility including receiving all incoming IV-D cases, conducting an initial review of the case to determine the adequacy of documentation provided, forwarding the case for necessary action such as location of the absent parent, requesting any necessary additional information, acknowledging receipt and informing the initiating State where the request was sent for action, responding to inquiries from other States and monitoring the progress of cases to ensure action is completed.



To date, a number of small States with State-run programs have set up central registries because they saw a need for careful control of interstate IV-D cases and URESA petitions. Use of central registries is a proven method of effective receipt, acknowledgment, review and control of incoming interstate IV-D cases in these States. By requiring the establishment of central registries, we believe the success realized by the States with central registries will be extended to all States. We intend to require that central registries be established and operational according to the requirements of this regulation no later than 90 days after the publication of the final regulation.

Many problems cited in interstate cases also exist in intrastate cases in which more than one local jurisdiction is involved. For example, some jurisdictions experience difficulties in processing intrastate cases in which the custodial parent applies for services in one jurisdiction, the support order was entered in another jurisdiction and the absent parent resides in yet another jurisdiction. Use of a central registry to oversee processing of these cases may prove beneficial. Therefore, we are proposing in § 303.7(a) that, at State option, central registries may be used for intrastate, as well as interstate IV-D cases. Further, States may control all child support cases, including non-IV-D cases, through the central registry as long as costs are allocated and the State only claims expenditures associated with the IV-D program for Federal reimbursement.

**2. Responsibilities.** NCSEA at its 33rd Annual Conference on Child Support Enforcement in August of 1984 adopted nine resolutions intended to improve interstate enforcement. One of NCSEA's resolutions encouraged URESA State information agents, IV-D directors and, when appropriate, the judiciary to develop procedures which would ensure automatic acknowledgment of receipt of an enforcement request. We share NCSEA's concerns regarding this essential State action upon receipt of an interstate IV-D case and thus propose the following requirements.

Under paragraph (a)(2), within 10 days of receiving an interstate IV-D case from an initiating State, the central registry would be required to review the documentation submitted with the case to determine completeness; forward the case to either the State Parent Locator Service (PLS) for locate services or the appropriate agency for processing; acknowledge receipt of the case; request any missing documentation from the initiating State; and inform the IV-D

agency in the initiating State where the case was sent for action.

States have complained consistently of interstate IV-D cases being returned without action because the responding State believes it lacks adequate information, or the information provided is not in an acceptable form according to responding State practices. We believe that requiring an initial review by the central registry to determine adequacy of information provided, as well as providing in paragraph (a)(3) that the central registry must process the case to the extent possible pending receipt of additions or corrections to the documentation from the initiating State, will reduce the delay caused by interstate IV-D cases being returned to the initiating State without action. As in the Model Interstate Income Withholding Act developed by the ABA and NCSL, we encourage States to accept documentation even if it is not in the usual form required by State or local rules, as long as substantive requirements are met. In this way, the central registry would commence action on a case by forwarding the case for necessary action, if possible, requesting any missing documentation from the initiating State, acknowledging receipt of the case, and informing the initiating State of where the case was sent for action—all within the 10-day limit.

Finally, the central registry would be required in paragraph (a)(4) to monitor the progress of interstate IV-D cases to ensure that any necessary action is being taken and to enable it to respond to inquiries from other States on the status of the case. The central registry would be required to review case status every 90 days.

Establishment of a receipt and control point in responding States to handle incoming interstate IV-D cases will do much to alleviate State and local concerns about lack of communication, inconsistent treatment, losing track of cases, and cases being returned without action, to mention just a few of the many complaints regarding processing of interstate cases. Requiring the central registry to act quickly and forward the case to the appropriate location in the responding State for action should not delay working the case. Initial review, contact with the initiating State and monitoring the case's progress through the IV-D system are all control mechanisms which are basic elements of any effective system of processing interstate IV-D cases.

#### *Initiating IV-D Agency Responsibilities—§ 303.7(b)*

Proposed § 303.7(b) sets forth specific responsibilities of the initiating State.

**1. Use of long-arm statutes to establish paternity.** In addressing the many problems identified with respect to paternity establishment, the Study on page 81 indicates that many jurisdictions are either unable or unwilling to process contested interstate paternity cases. We would stress the Federal requirement in section 454(9) of the Act and 45 CFR 302.36 and 303.7 that States are required to cooperate with any other State in establishing paternity, if necessary. In paragraph (b)(1) we propose that States which have statutory authority to use long-arm jurisdiction in paternity cases be required to use it in appropriate cases. Establishment of paternity is the very core of a child's rights to support and increased State and Federal efforts to improve the process are essential.

When the custodial parent and child reside in one State and the putative father is in another State, a long-arm statute may enable the court in the child's State to obtain personal jurisdiction over the putative father. If a State has a long-arm statute that can be used for establishing paternity, assistance by the State where the putative father is living may be limited to serving the putative father with a copy of the petition. Because of evidentiary and confrontation requirements, as well as the possible right to jury trials in actions to establish paternity, use of long-arm statutes to establish paternity in the child's State of residence would be advantageous and effective. In addition, the Study found that motivation for successful establishment and prosecution of a child support case is greater when States work their own cases. Therefore, we are proposing to require States with long-arm statutes allowing paternity establishment to use them to establish paternity, and if paternity is established, to attempt to obtain a judgment for costs.

**2. Referral to another State.** Paragraph (b)(2) would require prompt referral of any interstate IV-D case, including URESA petitions and requests for wage withholding, to the responding State's interstate central registry for action unless the State uses a long-arm statute as provided for in proposed paragraph (b)(1). This would ensure that all interstate IV-D cases are referred by initiating State or local IV-D agencies to the same central registry in a responding State. The initiating State or local IV-D agency would be required to send URESA petitions in IV-D cases as well as interstate requests for wage withholding and all other types of actions in IV-D cases to the responding



State's central registry and would contact the central registry for a case status update. When a case is referred by the central registry to a location within the responding State for action, the initiating State or local IV-D agency would be informed and could then directly contact the jurisdiction taking action for an update. The central registry must be kept informed of any action or change of information in a case to be able to respond to inquiries on cases. We believe that referral of interstate requests for wage withholding to the responding State's central registry will ensure that interstate cases in which withholding is required will be controlled in the same manner as other interstate IV-D cases.

3. *Use of forms.* Current § 303.7(b) and (c) require the initiating State to provide sufficient information to the responding State to enable it to either act on the case or provide absent parent location services. The regulation, however, does not contain many specifics as to what that information must include. In 1977, OCSE published a proposed program instruction (OCSE-AT-77-1, January 3, 1977) which contained standard data elements to be included with: (1) Requests for enforcement and collection; (2) transfers of child support collections; (3) payments of incentives; and (4) notices of change of status, or termination, of a case. It also included recommended formats for transmitting the minimum data elements between jurisdictions. The AT was never finalized and history has shown that the recommended formats have not been used or accepted by States. Aspects of the proposed instruction are obsolete, for example the system of payment of incentives, as a result of Pub. L. 98-378. The Study final report indicated the need to develop a standard cover form with essential case information and suggested that Federal regulations require initiating jurisdictions to meet minimum data requirements to be eligible for Federal matching. See Study, p. 101. The Study listed the following minimum data elements:

1. Name and address of the initiating agency including where payments should be sent and the appropriate county identification code;
2. Contact's name and telephone number;
3. Whether there is an existing order;
4. How arrearages were computed;
5. Name and address of the obligee;
6. Standard information on the obligor's location, income, and family situation;
7. Whether the case is AFDC or non-AFDC; and
8. A clear and specific prayer for relief to the court.

Additional essential documents included a copy of the obligee's written testimony including income, expenses and payment history, a certified copy of any existing order, a certified copy of the obligor's payment history if payments were made through the State. Without adequate, accurate information and documentation, successful establishment and enforcement of support orders is impossible.

Because of this obvious, overwhelming need for standardization of information transfer, we are withdrawing the proposed instruction and are proposing instead to require the use of two forms, or computer-generated alternatives to the forms which contain the same essential information, developed for requesting certain actions by the responding State in interstate IV-D cases. This will eliminate the need to revise the regulations themselves if the forms are revised to add or delete information.

In response to the need for uniformity and timely processing of interstate IV-D actions brought under URESA or otherwise, a need expressed by key organizations in the legal and child support enforcement communities, in 1985 a committee initiated the development of a set of standardized interstate forms, designed to accompany essential case information and necessary attachments in transmitting requests for interstate IV-D actions. The committee was comprised of representatives from the National Council of Juvenile and Family Court Judges' Child Support Advisory Task Force, the Family Law Section of the American Bar Association, the Conference of State Court Administrators, the Eastern Regional Conference on URESA, the NCSEA, the National Association of Trial Court Administrators, the National District Attorneys Association, and State IV-D directors. The committee unanimously supports the use of standard forms, and believes that their adoption by all States for transmitting interstate referrals will increase the efficiency and effectiveness with which interstate cases are processed, and will simplify recordkeeping for the courts and the State and local IV-D agencies.

Although initially we believed a single form would suffice for both URESA petitions as well as other types of action requests in interstate IV-D cases, it was quickly decided that two forms were necessary, one to accompany URESA petitions and one for non-URESAs requests. Once the committee reached agreement on the data elements, the National Center for State Courts took the lead responsibility for the design,

redrafting and final production of the URESA action form.

The URESA form has also been reviewed by the following organizations:

- The National Association of Women Judges.
- The Association of Family and Conciliation Courts.
- The American Association of Public Welfare Attorneys.

The URESA form was pilot tested in the fall of 1985 to assess its utility and to determine what impediments there are, if any, which could limit the adoption of the form's use by State and local child support enforcement agencies. No substantive questions arose; users considered the form self-explanatory and the instructions clear and comprehensive. Prosecutors reported benefits such as better intraoffice communications, reduced precourt preparation time, ready access to facts in court, and ease of judicial review.

For non-URESAs actions, the Interstate Child Support Enforcement Transmittal form was developed as a result of input from the committee described above and was reviewed by a committee of IV-D directors. We propose that the form be used to transmit requests for location, documentation verification, administrative reviews for Federal tax refund offset cases, and wage withholding or State tax refund offset. The forms are being referred to the Office of Management and Budget (OMB) for clearance. Use of the forms will be mandatory upon publication of this regulation in final form and OMB clearance of the forms.

The two forms and attachments are intended to replace cover letters and include all necessary information a responding State would need to initiate action on a case. The forms specify documentation which must be attached to the request, indicate where acknowledgment of receipt and requests for further information should be sent and provide a carbon copy acknowledgment which is easily detached and returned to the initiating jurisdiction. We believe that use of standardized forms will eliminate many of the problems associated with transfer of interstate IV-D cases and, therefore, propose in paragraph (b)(3) that States submit the appropriate form, or a computer-generated alternative of the form which contains the same information, with each referral of an interstate IV-D case for action. Any alternative format which provides the same information may be used, including electronic transfer of information. The forms are printed with



this proposed rule to allow for their review and any comments.

There is an obvious, overwhelming need for standardization of information transfer. Although the standard data elements contained on the forms will alleviate this problem to some degree, States should use available technology. Because one of the crucial needs for improved interstate enforcement is better communication, we encourage States to consider the advantages to using systems link-ups for interstate cases. This will allow for expeditious, accurate transfer of standardized information and greatly reduce the amount of paperwork involved in processing and working interstate cases.

4. *Providing additional information.* Proposed paragraph (b)(4) requires the IV-D agency in the initiating State to provide the IV-D agency or central registry in the responding State with any requested additional information within 30 days of receipt of the request or advise the responding State that the information does not exist by submitting an updated form, or a computer-generated alternative of the form, and any necessary documentation. If the nature of the necessary additional information allows, States are encouraged to use telecommunications to update or supply the information. Our purpose is to achieve standardization and speed of information transfer. Since there are inherent delays in processing child support cases when there is a need to communicate and provide information across State lines, we believe setting timeframes for responding to requests for additional information is imperative to ensure that the delays in the processing of interstate cases are minimized. Successful processing of the case depends on initiating States making every effort to respond quickly.

5. *Changes in case status.* Current regulations at § 303.52(e) require initiating States to identify interstate cases as AFDC, non-AFDC or foster care maintenance cases at the time of request and at any time the case changes status. We propose to delete this paragraph and require in § 303.7(b)(5) that the IV-D agency in the initiating State notify the IV-D agency in the responding State of any change in case status or information within 10 days of receipt of information about the change in case status by submitting an updated form or a computer-generated alternative of the form. This would be consistent with the 10-day timeframe imposed on central registries for acknowledging receipt of a case and requesting additional information.

#### *Responding State IV-D Agency Responsibilities—§ 303.7(c)*

Perhaps the greatest problem of working interstate IV-D cases is that these cases are neglected because the responding State does not feel it has an interest in working the cases. Rarely are interstate cases integrated into a State's normal processing cycle for intrastate cases. More has to be done to ensure that responding States actively work interstate IV-D cases. In the 1985 discussions, the theme of "ownership" of cases was raised. Participants in the 1985 discussions believe that States fail to work interstate cases partially because they are told what actions to take by the initiating State and may not determine the action to take, as they would for their own cases.

According to the participants, "ownership" of a case is an important element in any successful interstate child support enforcement system. The State must work interstate cases in the same manner as intrastate cases. This includes making every effort to locate obligors when an address is inaccurate, preparing properly formatted information and correcting information to remedy defects. By treating each interstate case as its own, States can work cases expeditiously. Because it "owns" a case, the responding State should proceed with and continue the enforcement action without specific requests at each step of the process from the initiating State. The 1984 NCSEA resolutions on interstate cooperation encourage IV-D directors, URESA State information agents and the judiciary, when appropriate, to "encourage local jurisdictions to increase staff so that the responding jurisdictions assume responsibility for monitoring payments on interstate cases and initiate enforcement action without waiting for a request for enforcement from the initiating jurisdiction." See NCSEA Resolution No. 3.j. However, we believe that case management could be improved through the use of automation, not just by additional staff. We encourage States to take this approach in order to process interstate IV-D cases more successfully.

The need to integrate interstate IV-D cases into a State's intrastate child support enforcement system was recognized by the advisory group which helped develop the Model Interstate Income Withholding Act. The advisory group, convened by the American Bar Association and the National Conference of State Legislatures, concluded that:

... It was beneficial to create a simple procedure for interstate withholding which

merely ties into the State's intrastate system and borrows heavily from its procedures. The chief advantages of this nexus between the interstate and intrastate withholding laws are that it encourages placing responsibility for the interstate and intrastate withholding in the same agency and facilitates use of the State's regular income withholding procedures. See Model Act, pp. 1-2.

This logic holds true for the entire interstate process. Current regulations at § 303.7(a) require States to provide services in interstate IV-D cases but do not contain detail or specificity concerning necessary actions. The interstate study results indicate that State IV-D administrators generally believe they do not have sufficient authority to supervise and administer an efficient interstate case processing system. In fact, several State IV-D directors expressed a desire for OCSE to make States' authority more explicit in regulations. See Study, pp. 51 and 52. In response to these concerns, we have revised current § 303.7 to establish clear, specific responsibilities for responding IV-D agencies in interstate IV-D cases.

1. *Case management.* Proposed § 303.7(c)(1) requires the IV-D agency to establish and use procedures for managing its interstate caseload which ensure provision of necessary services. These procedures must include maintenance of case records in accordance with existing requirements in § 303.2. Under proposed paragraph (c)(2), the IV-D agency must periodically review program performance in interstate IV-D cases to reevaluate the effectiveness of the procedures. Finally, proposed paragraph (c)(3) requires the State to ensure that the organizational structure and staff of the IV-D agency are adequate to provide for the administration or supervision of the required IV-D functions: intake; establishment of paternity and the legal obligation to support; location; financial assessment; establishment of the amount of child support; collection; monitoring; enforcement and investigation.

Existing Federal regulations at §§ 302.10 and 302.12 require State IV-D agencies to retain overall responsibility and accountability for the operation of the IV-D program and to conduct regular planned evaluations of operations at the local level and compliance with Federal requirements when functions are delegated. Nevertheless, the Study results indicate that many agencies lack standards of performance for measuring the accomplishments of individual agencies processing interstate cases. See Study, p. 100. Therefore, we are proposing in



these interstate requirements that a State assume responsibility for program performance by establishing and using procedures for managing its interstate caseload and by periodically reviewing program performance to evaluate the effectiveness of the procedures.

Current § 303.20 sets forth minimum organizational and staffing requirements for the IV-D program. These requirements mandate an organizational structure and sufficient staff to fulfill all of the functions for which the State is responsible under its title IV-D State plan. Working interstate cases is one of those functions. Nevertheless, local Study survey respondents cited insufficient staff as the most frequent internal obstacle to the interstate enforcement of child support obligations. State IV-D directors cited lack of sufficient staff as among the top three obstacles. See Study, p. 56. We are proposing that States develop specific requirements for adequate organizational structure and staff to handle interstate cases to clarify the States' responsibilities. As stated previously, however, we stress the importance of exemplary case management techniques through the use of automated systems as a means of overcoming obstacles to a successful program.

*2. Actions required within 60 days of receipt.* Proposed paragraph (c)(4) requires the IV-D agency in the responding State to complete certain actions with regard to an incoming interstate IV-D case within 60 days of receipt of the forms and documentation on the case from its central registry. The first required action is to provide locate services in accordance with § 303.3. Location of absent parents, if the form or documentation does not include adequate locate information on the absent parent. Section 303.3(f) currently requires a responding State to comply with the requirements in § 303.3 (a) through (d) for providing location services. Section 303.3(d) requires a State to use all appropriate location sources within 60 days of receipt of a case. The proposed 60-day time frame is based on the 60-day location requirement.

Since the requirements in the current § 303.3 may be construed erroneously by some to require location services only upon specific request, we are clarifying in proposed § 303.7(c)(4)(i) that the responding State IV-D agency must do an in-state location search if information provided by the initiating State is inadequate to locate the absent parent to proceed with the requested action. This will avoid needless delays which

occur when cases are returned to initiating States because of inadequate location information.

The 1984 NCSEA resolutions on interstate cooperation also encourage IV-D directors, URESA State information agents and the judiciary, when appropriate, to develop policy and procedures to ensure that "the responding jurisdiction, upon discovering inability to serve an obligated parent, [do] an in-state locate process to determine where the request for enforcement should be forwarded, and automatically forward the request to that jurisdiction." See Resolution No. 3.d. Proposed § 303.7(c)(4)(ii) requires the IV-D agency to forward the form and documentation to the appropriate jurisdiction and notify the initiating State if the absent parent is residing in a different jurisdiction. This is consistent with NCSEA's resolution and, again, will avoid needless delays caused by returning cases to the initiating State when they could be forwarded to the appropriate jurisdiction by the responding State. The responding State IV-D agency's responsibilities end if the case is forwarded out-of-state.

Proposed § 303.7(c)(4)(iii) requires the responding IV-D agency, if unable to proceed with the case, to notify the IV-D agency in the initiating State of the necessary additions or corrections to the form or documentation. We strongly urge States to make every effort to proceed with a case by remedying faulty documentation or accepting documentation not in the usual form required by State or local rules, as long as the substantive requirements are met. These efforts are consistent with the provisions in section 3(c) of the Model Interstate Wage Withholding Act, which require States to take steps to correct faulty, incomplete or improperly formatted documentation without returning it to the initiating IV-D agency to avoid unnecessary delays and to ensure expeditious handling of interstate wage withholding cases. See Model Act, pp. 4 and 13. Proposed § 303.7(c)(5), also consistent with section 3(c) of the Model Act, requires that, if the documentation received with a case is inadequate and cannot be remedied by the responding IV-D agency without the assistance of the initiating IV-D agency, the responding IV-D agency must process the case to the extent possible pending necessary action by the initiating State.

*3. Provision of necessary services.* Proposed § 303.7(c)(6) contains the requirements in current § 303.7(a) regarding provision of any necessary services in interstate cases, with the

exception of location services which are addressed under § 303.7(c)(4) regarding actions required within 60 days of receipt. It adds, however, that services must be provided as they would be in intrastate cases to ensure equal treatment of cases. Some further revisions are proposed as follows.

Proposed paragraph (c)(6)(i) requires the IV-D agency in the responding State to establish paternity and to attempt to obtain a judgment for costs should paternity be established. The cost of establishing paternity is often cited as a major impediment to pursuing paternity establishment in interstate IV-D cases. Requiring States to attempt to obtain a judgment for costs from the absent parent when paternity is established should reduce the cost burden on States.

Study survey results indicate that States are unable or unwilling to process contested interstate paternity cases. This problem is listed as one of nine major impediments which occur at the establishment stage in the interstate case processing sequence. See Study, pp. 76, 81-82. We believe that by clearly delineating each State's responsibilities in processing interstate cases, by requiring the use of long-arm statutes when appropriate for paternity establishment, and by clarifying responsibility for payment of the costs of blood testing and other costs associated with processing interstate cases, a major reason for States' reluctance to process interstate paternity cases will be eliminated.

Under proposed paragraph (c)(6)(ii) we require the IV-D agency to establish a support obligation in accordance with applicable sections of the regulations at §§ 303.4 (cash support), 303.100 through 303.105 (the mandatory practices) and 306.51 (medical support). Current § 303.7 does not specifically require States to establish orders although § 303.4 requires that, in "all cases referred to the IV-D agency or applying for services under this chapter, the IV-D agency must: . . . utilize appropriate State statutes and legal processes in establishing the support obligation. . . ." To clarify the extent of the responding IV-D agency's responsibilities in providing services in interstate cases, we address establishment of support orders in proposed paragraph (c)(6)(ii).

The proposed requirement for establishment of a medical support obligation is consistent with section 452(f) of the Act, added by section 16 of Pub. L. 98-378, which requires the Secretary of HHS to issue regulations requiring State IV-D agencies to petition to include medical support as part of any child support order whenever health



care coverage is available to the absent parent at reasonable cost. Implementing regulations were published on October 16, 1985 (see 50 FR 41887).

Proposed paragraph (c)(6)(iii) contains the current requirement in § 303.7(a)(3) that States process and enforce all orders from other States using appropriate remedies applied in their own cases. We deleted reference to "court" orders to require processing of administrative orders and added reference to the mandatory practices under §§ 303.100 through 303.105 and to medical support enforcement under § 306.51.

Proposed paragraph (c)(6)(iv) requires State IV-D agencies to collect and monitor any support payments and to forward payments to the location specified by the IV-D agency in the initiating State no later than 10 days after the collection is received by the responding State IV-D agency. The IV-D agency must include sufficient information to identify the case as well as the responding State's identifying code. This provision includes the requirement for collection services in current § 303.7(a)(5), and the requirement to forward collections with appropriate identifying case and State information contained in current § 303.52(f). We are therefore deleting the current § 303.52(f) in this proposed rule.

In response to overwhelming concern that responding States do not adequately track or monitor payments as part of processing interstate cases, we added the requirement in paragraph (c)(6)(iv) that IV-D agencies are responsible for monitoring support payments. The Study results state that many, if not most, responding States refuse to assume responsibility for monitoring cases once an obligation is established because they view monitoring as an initiating State responsibility. See Study, pp. 84-85. If interstate cases are integrated into the State's intrastate caseload, this would not be a problem because tracking and monitoring are integral parts of processing an IV-D case and controlling the State's caseload. We believe that clearly placing responsibility on the responding jurisdiction to maintain case records under proposed § 303.7(c)(1) and to monitor payments under proposed § 303.7(c)(6)(iv) will alleviate this confusion and the delays caused when initiating States must make an enforcement request each time a payment is missed. The responding State must initiate an enforcement action, including wage withholding if there is a one-month arrearage, when it determines a payment is missed, just as

it would in an intrastate IV-D case, without requiring or waiting for a specific request from the initiating State. The maintenance of case records and monitoring requirements place the responding State in the best position to take immediate action to enforce an order.

4. *Notice of hearings.* In response to concerns expressed in the 1985 discussions and in the Study report, we propose to require in paragraph (c)(7) that State IV-D agencies notify the initiating State IV-D agency in advance of any hearings set in an interstate IV-D case. The Study addressed prehearing settlement negotiations which result in compromises made without any input from the initiating IV-D agency or custodial parent. These compromises are not in the best interest of the children when orders are low or arrearages are reduced or erased. While we are not requiring States to contact the initiating State before such prehearing negotiations, we encourage them to do so because a clear picture cannot emerge without contact with both parties in any action. We strongly encourage the participation of both petitioners and respondents in the formal hearings. We believe the custodial parent should be allowed an opportunity to appear; therefore we are proposing to require the responding State to notify the initiating State of formal hearings. Once notified, the initiating State should inform the custodial parent about the formal hearing to allow every opportunity for active participation. Notice of hearings should be provided sufficiently in advance of the hearing to allow for travel arrangements. Notice of telephone testimony or hearings may require less advance notice.

Because of the expense and difficulties associated with transporting people from State to State for child support matters, we encourage States to use modern technology and telecommunications as an alternative to traditional hearings. We believe that the previously mentioned problems, such as the reducing or erasing of arrearages and lack of input from both parents during negotiations, would be alleviated if testimony was given by telephone, videotape or other types of available technology. Teleconferencing and other forms of telecommunication would be expeditious, efficient and cost effective.

5. *Changes in case status.* For consistency with other proposed timeframes for notice of receipt of an interstate IV-D case by the responding State and notice of change in case status by the initiating State in proposed

§§ 303.7 (a)(2) and (b)(5), proposed paragraph (c)(8) requires the responding State to notify the initiating State within 10 days of receipt of new information on a case. New information would include the location of the absent parent, a hearing date being assigned, or an enforcement action being taken. This would revise current § 303.7(a)(5) which requires only periodic notice or notice upon request of the initiating State.

*Payment and Recovery of Costs in Interstate Cases—§ 303.7(d)*

As previously addressed, one of the major problems cited both by participants of the 1985 discussions and in the Study survey is lack of specificity concerning responsibility for payment and recovery of the costs of providing services in interstate IV-D State cases. The Study report argues that the "responding State bears most of the expense incurred in interstate establishment and enforcement while the initiating State enjoys most of the financial benefits". See Study, p. 67. We firmly believe that the Congress' action in section 5 of Pub. L. 98-378 with respect to double counting of collections in interstate cases will alleviate this inequity. Since incentives will be paid from the Federal share of AFDC collections, responding States will receive their share of incentives based on interstate collections and will no longer have to rely on the initiating State sending earned incentives to the responding State. Proposed § 303.7(d) sets forth clear policy on responsibility for payment of costs in interstate IV-D cases, as well as the authority for both States to recover costs of providing services.

1. *Payment of costs.* Under proposed paragraph (d)(1) the responding State IV-D agency is responsible for payment of costs it incurs in interstate cases subject to specific provisions in paragraphs (d) (2) through (4). This is consistent with current policy under which responding States incur the costs of processing interstate IV-D cases and then report these administrative costs to receive Federal matching funds.

Proposed paragraph (d)(2) addresses the continuing conflict over which State should be responsible for the cost of blood tests to establish paternity. Current Federal policy requires responding States to bear these costs. However, we have received constant complaints of the inequity of this system particularly in light of the cost of the tests, the possibility that the putative father will be excluded as a result of the test, and concerns that the responding jurisdiction will be unable to receive full



reimbursement for these expenditures. In addition, responding States complain that initiating States fail to screen cases properly to determine whether paternity action is warranted, because initiating States are not responsible for costs.

Disputes over which State should pay these costs often result in no action being taken in the case because resolution cannot be reached. The Study found lack of clear responsibility for payment of expenses in interstate paternity cases to be a major reason for States failing to extend paternity establishment to interstate cases. See Study, p. 82. While we are addressing the payment question explicitly in these regulations, we cannot stress strongly enough our concerns that these issues are secondary to the lasting value of paternity establishment. The benefits should outweigh and encourage resolution of any issue which is an obstacle to the ultimate goal.

NCSEA's Resolutions adopted at the 1984 Conference urged development of policy and procedures to require that "putative fathers pay for blood tests, and failing that, the initiating State should assume responsibility for payment of such costs with the understanding that the responding State will obtain judgment for such costs should paternity be established." See Resolution No. 2(c). Although the 1985 discussions did not reach consensus on this issue, participants all agreed that clear Federal policy in regulation was essential. We are therefore proposing in paragraph (d)(2) that the initiating State must pay for the cost of blood testing in actions to establish paternity. In addition, if paternity is established in the responding State, the responding State must petition the court for payment from the absent parent, and, if costs of blood testing are recovered from the absent parent, must reimburse the initiating State. If a long-arm statute is used to establish paternity, the initiating State must attempt to obtain a judgment for costs in accordance with § 303.7 (b)(1) and (c)(6)(i).

As a result of these proposals, the initiating State would be responsible for payment of the costs of blood testing and would receive reimbursement when a judgment for the cost of blood testing from the father is obtained. We believe that revising current policy will provide greater incentives to the responding State to work interstate IV-D cases while ensuring that initiating IV-D agencies forward for paternity establishment only those cases which the State has carefully screened and in which the State is confident paternity can be established. Since the custodial

parent in the initiating State, or the initiating State itself in AFDC or foster care maintenance cases, stands to gain the most from the establishment of paternity and the obligation of support and from the subsequent collections, it is equitable that this particular cost be borne by the initiating State unless a judgment for payment of the costs by the putative father is obtained. We encourage comments in this area because it has been so controversial.

2. *Recovery of costs.* Proposed paragraphs (d) (4) and (5) address recovery of costs in non-AFDC interstate IV-D cases. Current regulations at § 302.33(d) set forth requirements for States which opt to recover costs in non-AFDC cases. Section 302.33(d)(6) requires a IV-D agency to notify the IV-D agencies in all other States if it recovers costs from the individual receiving IV-D services. Section 302.33(d)(5) requires that, in an interstate case, the IV-D agency where the case originated must notify the applicant for IV-D services of the States that recover costs. Although current policy clearly states that responding States may recover actual or standardized costs incurred in interstate cases in accordance with the requirements of § 302.33, we are reiterating this in § 303.7(d) (4) and (5) for clarity. Proposed paragraph (d)(4) allows each IV-D agency to recover the costs it incurs in providing services in interstate non-AFDC cases. Since an initiating State and a responding State will incur separate and distinct costs, each may, in accordance with its cost recovery policy, recover those incurred costs. Individuals from whom costs are recovered in this manner should not be disadvantaged.

Paragraph (d)(5) would require the IV-D agency in the responding State to identify any fees or costs deducted from support payments when forwarding payments to the IV-D agency in the initiating State. This provision is consistent with the 1984 NCSEA Resolution which states that there should be "speedy methods for accounting for and forwarding monies collected to the initiating jurisdiction, accompanied by sufficient information to identify the payment and delineate what fees, if any, have been deducted . . ." See Resolution No. 3(i).

#### *Audit Provisions—§§ 305.20 and 305.32*

The proposed regulation revises existing audit criteria in § 305.32 to conform to proposed changes contained in this document. Specifically, the title and introductory phrase are revised to parallel the title of corresponding § 302.36 and 303.7, i.e., Provision of

services in interstate IV-D cases. We propose to amend § 305.32(c) to require that, in order to be found to be in compliance with the State plan requirement for provision of services in interstate IV-D cases at § 302.36, under proposed paragraph (c)(1), a State must have established and be using written procedures for establishing paternity in its own cases using its long-arm statute if it has such a statute which allows establishment of paternity. Proposed paragraph (c)(2) contains the current requirement in § 305.32(c) that a State, in order to be found in compliance with § 302.36, must have established and be utilizing written procedures for establishing paternity or assisting in establishing paternity when requested by another State. We further propose to amend § 305.32(d) to delete reference to orders established by a court since support orders may be established either by a court or by administrative process under State law.

We propose to redesignate existing paragraphs (f) through (i) as (g) through (j). The proposed regulation then adds a new paragraph (f) containing audit criteria assessing whether States have established and are using procedures governing central registries required under § 302.36(b). We also propose to add to proposed paragraph (g) audit criteria assessing whether States have established and are using written procedures for maintenance of case records, as well as monitoring interstate IV-D cases.

This proposed regulation would also amend current audit regulations at 45 CFR 305.20(c) and (d)(2) to include the proposed audit criteria added to § 305.32 by this regulation in the fiscal year 1987 and future audit periods. This will require the interstate IV-D case procedures required by audit criteria in § 305.32 to be used in 75 percent of the cases reviewed for each criterion.

We are also making a technical change to § 305.20(b) because of an error in that section published October 1, 1985 in the *Federal Register* at 50 FR 40101. Reference to §§ 305.37(c) and 305.38(c) was erroneously included under § 305.20(b)(2) as opposed to § 305.20(b)(1). We are amending § 305.20(b) to delete reference to those sections in paragraph (b)(2) and add reference to them in paragraph (b)(1). We are also making a technical change to delete reference to "Expedited processes. (45 CFR 305.50(b))" from § 305.20(c)(2) because compliance with expedited process requirements will be audited under § 305.20(c)(1).



### Paperwork Reduction Act

This proposed regulation at 45 CFR 302.36(a)(3) and (b), 303.7(a)(1), (2)(ii), (iii) and (iv), (4), (b)(2), (3), (4), and (5), (c)(1), (4) (ii) and (iii), (6)(iv), (7) and (8), (d)(5), 305.32 (c), (d), (f) and (g) contains information collection requirements which are subject to OMB review under the Paperwork Reduction Act of 1980 (Pub. L. 96-511). As required by section 3504(h) of Pub. L. 96-511, we have submitted a copy of this proposed regulation to OMB for its review of the information collection requirements listed above. Other organizations and individuals desiring to submit comments on the information collection requirements should direct them to the agency official designated for this purpose whose name appears in this preamble, and to the Office of Information and Regulatory Affairs, OMB, New Executive Office Building (Room 3208), Washington, DC 20503, attention: Desk Officer for HHS.

### Economic Impact

The Child Support Enforcement program was established under title IV-D of the Act by the Social Services Amendments of 1974, for the purposes of enforcing the support obligations owed by absent parents to their children, locating absent parents, establishing paternity and obtaining child support. The IV-D program collected \$2.7 billion in FY 1985—\$1.1 billion on behalf of children receiving AFDC and \$1.6 billion on behalf of children not receiving AFDC. State and local expenditures amounted to \$814 million. Collections for AFDC families are used to offset the costs of assistance payments made to such families. The intent of this proposed regulation is to improve the efficiency and effectiveness of the processing of interstate IV-D cases, thereby increasing the effectiveness of the Child Support Enforcement program. Although hard data are not available, it is expected that this regulation will result in increased interstate activity and collections and a minor increase in administrative costs which are matched by the Federal government.

For the most part this regulation merely expands existing regulations and results in minor additional costs. We expect an increase in caseload, however, since the process will be streamlined and cases will be worked more efficiently. The principal impact of the regulation will be on Federal and State budgets and State operations. Federal and State expenditures are projected to increase; however we believe that the increase will be more than offset by the increase in collections, and therefore, a net savings

to Federal and State governments will result.

### Executive Order 12291

The Secretary has determined, in accordance with Executive Order 12291, that this rule does not constitute a "major" rule. A major rule is one that is likely to result in:

- An annual effect on the economy of \$100 million or more;
- A major increase in costs or prices for consumers, individual industries, Federal, State or local government agencies, or geographic regions; or
- Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of the United States-based enterprises to compete with foreign-based enterprises in domestic or import markets.

As discussed above, the proposed regulation will have an insignificant impact on State and Federal expenditures.

### Regulatory Flexibility Analysis

The Secretary certifies, under 5 U.S.C. 605(b), as enacted by the Regulatory Flexibility Act (Pub. L. 96-354), that this regulation will not result in a significant impact on a substantial number of small entities. The primary impact is on State governments and individuals, which are not considered small entities under the Act.

### List of Subjects

#### 45 CFR Parts 301 through 303

Child welfare, Grant programs—social programs.

#### 45 CFR Part 305

Child welfare, Grant programs—social programs, Accounting.

### PART 301—[AMENDED]

1. The authority citation for Part 301 is revised to read as set forth below, and the authority citations following all sections of Part 301 are removed:

Authority: 42 U.S.C. 651 through 658, 660, 664, 666, 667, and 1302.

2. 45 CFR 301, §301.1 is amended by inserting the following definition between the definitions of "Applicable matching rate" and "Department":

"Central registry" means an individual or office within the State IV-D agency which receives, controls and has oversight responsibility for processing incoming interstate IV-D cases, including URESA petitions and requests for wage withholding in IV-D cases and, at the option of the State, intrastate IV-D cases involving more than one local jurisdiction.

### PART 302—[AMENDED]

3. The authority citation for Part 302 continues to read as follows:

Authority: 42 U.S.C. 651 through 658, 660, 664, 666, 667, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(e), 1396b(p) and 1396(k).

4. 45 CFR Part 302 is amended by revising § 302.36 to read as follows:

#### § 302.36 Provision of services in interstate IV-D cases.

(a) The State plan shall provide that the State will extend the full range of services available under its IV-D plan to any other State in accordance with the requirements set forth in § 303.7 of this chapter for:

- (1) Locating an absent parent who is present in the State;
- (2) Establishing paternity;
- (3) Establishing a child support obligation;
- (4) Securing compliance by an absent parent who is present in the State with a court order or an order of an administrative process established under State law for the support and maintenance of a child or children and of the spouse (or former spouse) who is living with the child or children and who is receiving services under a IV-D State plan in another State; and
- (5) Carrying out any other functions required under its approved IV-D State plan.

(b) The State plan shall provide that the State will establish a central registry for interstate IV-D cases in accordance with the requirements set forth in § 303.7(a) of this chapter.

### PART 303—[AMENDED]

5. The authority citation for Part 303 continues to read as follows:

Authority: 42 U.S.C. 651 through 658, 660, 663, 664, 666, 667, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(o), 1396b(p) and 1396(k).

6. 45 CFR Part 303 is amended by revising § 303.7 to read as follows:

#### § 303.7 Provision of services in interstate IV-D cases.

(a) *Interstate central registry.* (1) The State IV-D agency must establish an interstate central registry responsible for receiving and controlling all incoming interstate IV-D cases, including URESA petitions and requests for wage withholding in IV-D cases, and at the option of the State, intrastate IV-D cases involving more than one local jurisdiction.

(2) Within 10 days of receipt of an interstate IV-D case from an initiating State, the central registry must:



(i) Review the documentation submitted with the case to determine completeness;

(ii) Forward the case for necessary action either to the State PLS for location services or to the appropriate agency for processing;

(iii) Acknowledge receipt of the case and request any missing documentation from the initiating State; and

(iv) Inform the IV-D agency in the initiating State where the case was sent for action.

(3) If the documentation received with a case is inadequate and cannot be remedied by the central registry without the assistance of the initiating State, the central registry must process the case to the extent possible pending necessary action by the initiating State.

(4) The central registry must respond to inquiries from other States and monitor the progress of interstate IV-D cases to ensure that any necessary action is completed. Case status will be reviewed at least every 90 days.

(b) *Initiating State IV-D agency responsibilities.* The IV-D agency must:

(1) If the State has a long-arm statute which allows paternity establishment, use the authority to establish paternity whenever appropriate and attempt to obtain a judgment for costs should paternity be established;

(2) Except as provided in paragraph (b)(1), promptly refer any interstate IV-D case to the responding State's interstate central registry for action, including URESA petitions and requests for location, document verification, administrative reviews in Federal income tax refund offset cases, wage withholding, and State income tax refund offset in IV-D cases.

(3) Provide the IV-D agency in the responding State sufficient, accurate information to act on the case by submitting with each case any necessary documentation and either the Interstate Child Support Enforcement Transmittal Form or the URESA Action Request Form, as appropriate. The State may use a computer-generated alternative containing the same information in place of either form.

(4) Provide the IV-D agency or central registry in the responding State with any requested additional information within 30 days of receipt of the request for information or advise the responding State that the information does not exist by submitting an updated form or a computer-generated alternative containing the same information and any necessary additional documentation.

(5) Notify the IV-D agency in the responding State within 10 days of receipt of new information on a case by

submitting an updated form and any necessary additional documentation.

(c) *Responding State IV-D agency responsibilities.* (1) The IV-D agency must establish and use procedures for managing its interstate IV-D caseload which ensure provision of necessary services and include maintenance of case records in accordance with § 303.2 of this part.

(2) The IV-D agency must periodically review program performance on interstate IV-D cases to evaluate the effectiveness of the procedures established under this section.

(3) The State must ensure that the organizational structure and staff of the IV-D agency are adequate to provide for the administration or supervision of the following support enforcement functions specified in § 303.20(c) of this part for its interstate IV-D caseload: Intake; establishment of paternity and the legal obligation to support; location; financial assessment; establishment of the amount of child support; collection; monitoring; enforcement and investigation.

(4) Within 60 days of receipt of an Interstate Child Support Enforcement Transmittal Form, a URESA Action Request Form or other alternative State form and documentation from its interstate central registry, the IV-D agency must:

(i) Provide location services in accordance with § 303.3 of this part if the request is for location services or the form or documentation does not include adequate location information on the absent parent;

(ii) If the absent parent is residing in a different jurisdiction, forward the form and documentation to the appropriate jurisdiction and notify the initiating State of its action; and

(iii) If unable to proceed with the case, notify the IV-D agency in the initiating State of the necessary additions or corrections to the form or documentation.

(5) If the documentation received with a case is inadequate and cannot be remedied by the responding IV-D agency without the assistance of the initiating State, the IV-D agency must process the interstate IV-D case to the extent possible pending necessary action by the initiating State.

(6) The IV-D agency must provide any necessary services as it would in intrastate IV-D cases by:

(i) Establishing paternity in accordance with § 303.5 of this part and attempting to obtain a judgment for costs should paternity be established;

(ii) Establishing a child support obligation in accordance with §§ 303.4

and 303.100 through 303.105 of this part and § 306.51 of this chapter;

(iii) Processing and enforcing orders referred by another State, whether pursuant to the Uniform Reciprocal Enforcement of Support Act or other legal processes, using appropriate remedies applied in its own cases in accordance with §§ 303.6 and 303.100 through 303.105 of this part and § 306.51 of this chapter; and

(iv) Collecting and monitoring any support payments from the absent parent and forwarding payments to the location specified by the IV-D agency in the initiating State no later than 10 days after the collection is received by the responding State IV-D agency. The IV-D agency must include sufficient information to identify the case and the responding State's identifying code as defined in the Federal Information Processing Standards Publication (FIPS) issued by the National Bureau of Standards or the Worldwide Geographic Location Codes issued by the General Services Administration.

(7) The IV-D agency must provide timely notice to the IV-D agency in the initiating State in advance of any hearings set in an interstate IV-D case.

(8) The IV-D agency must notify the IV-D agency in the initiating State within 10 days of receipt of new information on a case by submitting an updated form or a computer-generated alternative containing the same information.

(d) *Payment and recovery of costs in interstate IV-D cases.* (1) Except as provided in paragraphs (2) and (4), the IV-D agency in the responding State must pay the costs it incurs in processing interstate IV-D cases.

(2) The IV-D agency in the initiating State must pay for the costs of blood testing in actions to establish paternity.

(3) If paternity is established in the responding State, the IV-D agency in the responding State must attempt to obtain a judgment for the costs of blood testing from the putative father, and, if costs of blood testing are recovered, must reimburse the initiating State.

(4) Each IV-D agency may recover its costs of providing services in interstate non-AFDC cases in accordance with § 302.33(d) of this chapter.

(5) The IV-D agency in the responding State must identify any fees or costs deducted from support payments when forwarding payments to the IV-D agency in the initiating State in accordance with § 303.7(c)(6)(iv) of this section.



§ 303.52 [Amended]

7. 45 CFR Part 303 is further amended by removing paragraphs (e) and (f) from § 303.52.

PART 305—[AMENDED]

8. The authority citation for Part 305 is revised to read as follows:

Authority: 42 U.S.C. 603(h), 604(d), 652(a) (1) and (4), and 1302.

§ 305.20 [Amended]

- 9. 45 CFR 305.20 is amended by:
  - a. Amending § 305.20(b)(1) by adding the words "and (c)" after "305.37(a)" and after "305.38(a)";
  - b. Amending § 305.20(b)(2) by removing "Bonding of employees. (45 CFR 305.37(c))" and "Separation of cash handling and accounting functions. (45 CFR 305.38(c))"; and
  - c. Amending § 305.20(c)(1) by adding the words "and (c)" after "305.50(a)";
  - d. Amending § 305.20(c)(2) by removing "Expedited processes. (45 CFR 305.50(b))"; and
  - e. Adding a new paragraph (c)(4) and revising paragraph (d)(2) to read as follows:

§ 305.20 Effective support enforcement program.

- (c) \*\*\*
  - (4) For the fiscal year 1987 audit period only, the procedures required by

the criteria prescribed in § 305.32 (a) through (h) of this part must be used in 75 percent of the cases reviewed for each criterion.

\* \* \* \* \*  
(d) For fiscal year 1988 and future audit periods:

\* \* \* \* \*  
(2) The procedures required by the criteria prescribed in paragraph (a)(2), (b)(2), (c)(2) and (c)(4) of this section must be used in 75 percent of the cases reviewed for each criterion.

\* \* \* \* \*  
10. 45 CFR 305.32 is amended by revising the title, the introductory text and paragraphs (c) and (d), redesignating paragraphs (f) through (i) as (g) through (j), revising newly designated (g) and adding a new paragraph (f) to read as follows:

§ 305.32 Provision of services in interstate IV-D cases.

For purposes of this part, to be found in compliance with the State plan requirement for provision of services in interstate IV-D cases (45 CFR 302.36), a State must:

- \* \* \* \* \*
- (c) Have established and be utilizing written procedures for:
  - (1) Using its long-arm statute to establish paternity in its own cases, if the State has a long-arm statute that allows establishment of paternity; and

(2) Establishing paternity or assisting in establishing paternity when requested by another State.

(d) Have established and be utilizing written procedures for establishing support orders upon request by another State, including procedures for responding to a complaint under the Uniform Reciprocal Enforcement of Support Act (URESAs);

\* \* \* \* \*  
(f) Have established and be utilizing written procedures governing the central registry and its required activities;

(g) Have established and be utilizing written procedures for maintenance of case records and monitoring the status of cases upon which the State is taking action on behalf of another State;

\* \* \* \* \*  
(Catalog of Federal Domestic Assistance Program No.13.679, Child Support Enforcement Program)

Dated: May 29, 1986.  
Wayne A. Stanton,  
Director, Office of Child Support Enforcement.

Approved: August 13, 1986.  
Otis R. Bowen,  
Secretary.

Appendix

The following appendix will not be printed in the Code of Federal Regulations.

BILLING CODE 4150-04-M



**INTERSTATE CHILD SUPPORT ENFORCEMENT TRANSMITTAL**

**RESPONDING AGENCY:**  
COMPLETE AND RETURN PAGE 3 TO ACKNOWLEDGE RECEIPT OF THIS REQUEST. AFTER TAKING REQUESTED ACTION, COMPLETE AND RETURN PAGE 4 (RESPONSE FORM)

|   |  |   |  |
|---|--|---|--|
| <b>I. TO: RESPONDING IV-D AGENCY/OFFICE</b> |  | CASE NAME (Last Name, First Name, Middle Initial)   |  |
| FIPS CODE                                   |  |   |  |
| <b>FROM: INITIATING IV-D AGENCY/OFFICE</b>  |  | CASE NUMBER (Responding Agency)   |  |
| FIPS CODE                                   |  | CASE NUMBER (Initiating Agency)   |  |
| COLLECTION LOCATION (Forward Payments to:)  |  | CASE TYPE/STATUS  |  |
| FIPS CODE                                   |  | <input type="checkbox"/> IV-D NON-AFDC <input type="checkbox"/> NON IV-D<br><input type="checkbox"/> IV-D AFDC <input type="checkbox"/> OTHER _____ |  |

**II. ACTION REQUESTED (TO BE COMPLETED BY INITIATING AGENCY)**

- |   |   |
|---|---|
| <input type="checkbox"/> ENFORCE EXISTING SUPPORT ORDER<br>ATTACHMENTS: Support Order And Any Modifications   | <input type="checkbox"/> INITIATE STATE TAX INTERCEPT<br>ATTACHMENTS: Court or Administrative Order |
| <input type="checkbox"/> LOCATE ABSENT PARENT<br>ATTACHMENTS:<br>Aliases, Physical Description, Photograph, Warrants, Background Information  | <input type="checkbox"/> DOCUMENT INFORMATION (i.e., FEDERAL TAX OFFSET)                            |
| <input type="checkbox"/> INITIATE WAGE WITHHOLDING<br>ATTACHMENTS:<br>Support Order, Certification of Arrears   | <input type="checkbox"/> VERIFY OR PROVIDE SOCIAL SECURITY NUMBER                                   |
| <input type="checkbox"/> CONDUCT ADMINISTRATIVE REVIEW FOR FEDERAL TAX OFFSET (WITHIN 45 DAYS)<br>ATTACHMENTS:<br>Case Documentation/Summary, Support Order and Modifications, Affidavit From Custodial Parent, AP Correspondence | <input type="checkbox"/> VERIFY AND PROVIDE COPY OF SUPPORT ORDER AND ANY MODIFICATIONS             |
|   | <input type="checkbox"/> VERIFY ARREARS AND PROVIDE COPY OF CALCULATIONS                            |
|   | <input type="checkbox"/> OTHER: _____   |

**III. ABSENT PARENT INFORMATION**

FULL NAME (First Name, Middle Initial, Last Name): \_\_\_\_\_

ADDRESS (Street, City, State, Zip): \_\_\_\_\_

EMPLOYER (Name): \_\_\_\_\_

EMPLOYER ADDRESS (Street, City, State, Zip): \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_ SOCIAL SECURITY NO.: \_\_\_\_\_ SEX:  MALE  FEMALE

HOME PHONE (Include Area Code): \_\_\_\_\_ WORK PHONE (Include Area Code): \_\_\_\_\_

**IV. DEPENDENT CHILDREN INFORMATION**

| NAME(S) | SEX (M, F) | DATE OF BIRTH |
|---------|------------|---------------|
|         |            |               |
|         |            |               |
|         |            |               |
|         |            |               |
|         |            |               |
|         |            |               |

**V. CUSTODIAL PARENT INFORMATION**

FULL NAME (First Name, Middle Initial, Last Name): \_\_\_\_\_ SOCIAL SECURITY NO.: \_\_\_\_\_ HOME PHONE (Include Area Code): \_\_\_\_\_

ADDRESS (Street, City, State, Zip): \_\_\_\_\_ WORK PHONE (Include Area Code): \_\_\_\_\_

**VI. CASE SUMMARY (BACKGROUND OF THIS MATTER)**

|                          |  |                           |   |
|--------------------------|--|---------------------------|---|
| DATE OF SUPPORT ORDER    | STATE & COUNTY ISSUING ORDER           | COURT CASE NO.            | DATE AND TYPE OF LAST COURT/ADMINISTRATIVE ACTION |
| SUPPORT AMOUNT/FREQUENCY | DATE OF LAST PAYMENT (Month, Day, Yr.) | CURRENT AMOUNT OF ARREARS | PERIOD OF COMPUTATION                             |
| \$ _____ PER _____       |  | \$ _____                  | FROM _____ TO _____                               |

**VII. CONTACT PERSON (Initiating Agency):** \_\_\_\_\_ DATE: \_\_\_\_\_ PHONE NUMBER (Include Area Code): \_\_\_\_\_



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### URESA ACTION REQUEST

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| TO: RESPONDING COURT OR AGENCY (ADDRESS)             |  | FIPS CODE | CASE TITLE<br>PLAINTIFF/PETITIONER   |        |
| FROM INITIATING CONTACT PERSON (ADDRESS)             |  | FIPS CODE | DEFENDANT/RESPONDENT   |        |
| COLLECTION LOCATION (IF NEW OR DIFFERENT FROM ABOVE) |  | FIPS CODE | CASE STATUS<br><input type="checkbox"/> IV-D AFDC <input type="checkbox"/> NON IV-D<br><input type="checkbox"/> IV-D NON AFDC <input type="checkbox"/> OTHER |        |
|  |  |           | INITIATING CASE OR DOCKET NO   | COUNTY |
|  |  |           | OTHER REFERENCE NUMBER   |        |
|  |  |           | RESPONDING CASE OR DOCKET NO.  | COUNTY |
|  |  |           | OTHER REFERENCE NUMBER   |        |

| I. ACTION REQUESTED:  | SUMMARY OF LAST LEGAL PROCEEDING(S) |  |   |
|---|-------------------------------------|--|---|
| Please return the attached acknowledgment and take the action(s) requested:         | DATE AND COURT LOCATION             | <input type="checkbox"/> NONE OR N/A <input type="checkbox"/> SUPPORT MOD<br><input type="checkbox"/> DIVORCE <input type="checkbox"/> CONTEMPT<br><input type="checkbox"/> PATERNITY <input type="checkbox"/> OTHER<br><input type="checkbox"/> SUPPORT |   |
| <input type="checkbox"/> 1 ESTABLISH PATERNITY                                      | AMOUNT REQUESTED                    | PER (WEEK/MONTH)   | <input type="checkbox"/> FAIR AND EQUITABLE |
| <input type="checkbox"/> 2. ENTER ORDER FOR SUPPORT                                 | AMOUNT ORDERED                      | PER  | DATE OF SUPPORT ORDER                       |
| <input type="checkbox"/> 3 ENFORCE ORDER FOR SUPPORT                                | ARREARAGE AMOUNT                    | AS OF (DATE)   | FOR (TIME PERIOD)                           |
| <input type="checkbox"/> 4 COLLECT ARREARAGE  | Welfare                             | ARREARAGE AMOUNT   | AS OF (DATE)                                |
|   | Non Welfare                         | ARREARAGE AMOUNT   | AS OF (DATE)                                |
| <input type="checkbox"/> 5 ENTER REIMBURSEMENT ORDER                                | AMOUNT NEEDED                       | TIME PERIOD OF EXPENSES  |   |
| <input type="checkbox"/> 6. REGISTER FOREIGN SUPPORT ORDER                          | AMOUNT ORDERED                      | PER  | DATE OF SUPPORT ORDER                       |
| <input type="checkbox"/> 7 CHANGE PAYEE <small>TO COLLECTION LOCATION ABOVE</small> | GRANT AMOUNT                        | DATE OF AWARD  |   |
| <input type="checkbox"/> 8 OTHER <small>SEE VI PAGE 2</small>                       | REDIRECT PAYMENTS TO                |  |   |

#### II. ABSENT PARENT INFORMATION

NAME AND ADDRESS (INCLUDE ALIAS)

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SOCIAL SECURITY NUMBER      DATE OF BIRTH

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HOME PHONE      WORK PHONE

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EMPLOYER NAME AND ADDRESS

#### III. CUSTODIAN INFORMATION

NAME AND RELATIONSHIP (ADDRESS OPTIONAL IF INCLUDED IN ATTACHMENT)

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SSN  
PARENT IF DIFFERENT FROM ABOVE

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SSN

| IV. DEPENDENT CHILDREN<br>NAME (FIRST MI LAST) | DATE OF BIRTH |     |      | PAT EST 7 |
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CONTINUE ON PAGE 2 SEC VI FOR LISTING  
ADDITIONAL CHILDREN OR OTHER INFORMATION



NOTE: THIS SET IS PAGE 2 OF A 2 PAGE FORM

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| <b>URESA ACTION REQUEST<br/>CONTINUATION</b> | INITIATING CASE NUMBER | RESPONDING CASE NUMBER |
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**V. OUTSTANDING PENDING ACTIONS**

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|---|--|---|
| <input type="checkbox"/> ARREST WARRANT           | <input type="checkbox"/> CONTEMPT OF COURT | <input type="checkbox"/> PENDING SUPPORT MODIFICATION |
| <input checked="" type="checkbox"/> BENCH WARRANT | <input type="checkbox"/> PENDING DIVORCE   | <input type="checkbox"/> CERTIFICATION OF IRS OFFSET  |
| <input type="checkbox"/> OTHER _____              |  |   |
- EXPLAIN THE PENDING ACTION CHECKED ABOVE.

**VI. PROVIDE ANY OTHER INFORMATION THAT WILL SPEED UP OR CLARIFY THIS REQUEST:**

CONTINUE ON ATTACHED SHEET IF NECESSARY.

SEE INSTRUCTIONS BEFORE ASSEMBLING DOCUMENTATION AND LISTING ATTACHMENTS.

**VII. ATTACHMENTS: (SUPPORTING DOCUMENTATION)**

- |  |  |
|--|--|
| <input type="checkbox"/> URESA PETITION (3 copies)             | <input type="checkbox"/> DOCUMENTS RELATING TO PATERNITY |
| <input type="checkbox"/> CERTIFICATION OR ORDER (3 copies)     | <input type="checkbox"/> MARRIAGE CERTIFICATE            |
| <input type="checkbox"/> INITIATING STATE URESA LAW (3 copies) | <input type="checkbox"/> DIVORCE DECREE                  |
| <input type="checkbox"/> PHYSICAL DESCRIPTION OF ABSENT PARENT | <input type="checkbox"/> ASSIGNMENT OF RIGHTS            |
| <input type="checkbox"/> PHOTOGRAPH OF ABSENT PARENT           | <input type="checkbox"/> OTHER:                          |
| <input type="checkbox"/> TESTIMONY                             |  |
| <input type="checkbox"/> PREVIOUS COURT ORDER                  |  |
| <input type="checkbox"/> INCOME AND EXPENSE STATEMENT          |  |
| <input type="checkbox"/> ARREARAGE STATEMENT                   |  |
| <input type="checkbox"/> PAYMENT RECORD                        |  |

|      |  |              |
|------|--|--------------|
| DATE | SIGNATURE OF INITIATING CONTACT PERSON | PHONE NUMBER |
|------|--|--------------|



I, the undersigned, do hereby certify that the above is a true and correct copy of the original as the same appears in the files of the Department of Justice, and that the same has been compared with the original and found to be a true and correct copy.

\_\_\_\_\_  
 Director

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| <input type="checkbox"/> ORIGINAL OF THE INSTRUMENT<br><input type="checkbox"/> INSTRUMENT IN THE ORIGINAL LANGUAGE<br><input type="checkbox"/> INSTRUMENT IN TRANSLATION<br><input type="checkbox"/> INSTRUMENT IN ORIGINAL LANGUAGE AND TRANSLATION<br><input type="checkbox"/> INSTRUMENT IN ORIGINAL LANGUAGE AND TRANSLATION AND ORIGINAL OF THE INSTRUMENT |  |
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I, the undersigned, do hereby certify that the above is a true and correct copy of the original as the same appears in the files of the Department of Justice, and that the same has been compared with the original and found to be a true and correct copy.

\_\_\_\_\_  
 Director



# Federal Register

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Tuesday,  
December 2, 1986

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## Part V

### Department of Energy

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**Calculating Nuclear Waste Fund Disposal  
Fees for DOE Defense Program Waste;  
Notice of Inquiry and Request for Public  
Comment**



## DEPARTMENT OF ENERGY

[Docket No. OCRWM/NOI/86-101]

## Office of Civilian Radioactive Waste Management

## Calculating Nuclear Waste Fund Disposal Fees for DOE Defense Program Waste; Inquiry and Request for Public Comment

AGENCY: Department of Energy.

ACTION: Notice of inquiry.

**SUMMARY:** The Department of Energy (DOE) Office of Civilian Radioactive Waste Management gives public notice of its tentative approach to interpreting the requirement under the Nuclear Waste Policy Act of 1982 for disposal of defense high-level waste in a civilian repository developed under the Act. This requirement calls for an arrangement for payment into the DOE Nuclear Waste Fund of fees which reflect "the allocation of costs of developing, constructing, and operating" a repository (42 U.S.C. 10107(b)(2)). Actual payment of fees is subject to the regular budgetary and appropriations process. DOE intends to refine the approach to calculating fees after public comment, as appropriate, and to use that approach to support eventual requests for appropriations and to incorporate it in the arrangement for disposal between DOE's Office of Civilian Radioactive Waste Management and DOE's Office of Defense Programs. The public is invited to submit written comments, including suggestions for modifications.

**DATES:** Comments must be received by February 2, 1987.

**ADDRESSES:** Written comments (5 copies) should be addressed to: Samuel Rousso, Associate Director for Resource Management, Office of Civilian Radioactive Waste Management, Docket No.: OCRWM-NOI-86-101, Department of Energy, 1000 Independence Avenue, SW., Room GB-270, Washington, DC 20585.

**FOR FURTHER INFORMATION CONTACT:** Ronald A. Milner, Director, Financial Management and Analytical Services Division, Office of Civilian Radioactive Waste Management, Department of Energy, Room GB-270, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 252-9173.

**SUPPLEMENTARY INFORMATION:** The Department of Energy (DOE) Office of Civilian Radioactive Waste Management (OCRWM) today gives public notice of its tentative approach to interpreting the requirement under the

Nuclear Waste Policy Act of 1982 (NWPA) (Pub. L. 97-425) to arrange for disposal of high-level radioactive waste from atomic energy defense activities conducted by DOE's Office of Defense Programs (DP). The focus of this notice is the statutory requirement which concerns the calculation of fees to be paid into the Nuclear Waste Fund under the NWPA. Actual funds to pay fees are subject to the regular budgetary and appropriations process. This notice describes key statutory provisions and activities to date under the NWPA. It then sets forth important preliminary assumptions, and proceeds to discuss alternative approaches to calculating fees and then to identify the approach which appears preferable at this time. An appendix with a sample fee calculation is attached. DOE intends to refine the calculation method after considering public comments with the objective of using it in support of eventual requests for appropriations and as part of the arrangement to be made between OCRWM and DP for disposal of DP's defense high-level waste (DHLW). Members of the public are invited to assist DOE in developing a sound approach to interpreting provisions of the NWPA applicable to calculating fees for DHLW by submitting written comments, including suggestions for modification of the approach.

## I. Background

The NWPA establishes a schedule for the siting, construction, and operation of a system to permanently dispose of high-level radioactive waste, including spent nuclear fuel (SNF). As required by section 8(b)(2) of the NWPA, the President, based upon analytical input from the DOE, evaluated the use of disposal capacity of the facilities to be developed under the NWPA for the disposal of high-level radioactive wastes from atomic energy defense activities. Based upon this evaluation and DOE's recommendation, the President found no basis for the establishment of a separate repository for the permanent disposal of DHLW. Upon notification of this determination on April 30, 1985, the Secretary of Energy became obligated under section 8(b)(2) of the NWPA to "proceed promptly with arrangement for the use of one or more of the repositories to be developed under the Act" for the disposal of such wastes. Such arrangements must include "the allocation of costs of developing, constructing, operating, and decommissioning this repository or repositories." The costs resulting from permanent disposal of DHLW shall be paid by the Federal Government into the

Nuclear Waste Fund established under section 302 of the NWPA.

With respect to high-level radioactive waste other than DHLW, the DOE has entered into contracts, under authority of the NWPA, with U.S. electric utilities to accept title, transport, and dispose of such SNF and other high-level radioactive waste beginning, after commencement of facility operations, not later than January 31, 1998, in return for an ongoing fee of 1 mill/kilowatt-hour (electric) (kWh(e)) to be paid on electric power generated by civilian nuclear-electric utilities after April 7, 1983, plus payment of a one-time fee for SNF or other high-level waste generated before April 7, 1983. The one-time fee was assessed by applying a charge, levied in terms of dollars per kilogram of uranium, applied to SNF in four (4) distinct ranges of fuel burnup as measured in megawatt-days thermal. The adequacy of the 1 mill/kWh(e) fee will be evaluated annually and any fee adjustments needed will be submitted to the Congress for approval.

In summary, the NWPA requires that users of a DOE radioactive waste disposal repository, whether civilian or federal, pay for that use. Neither the taxpayer paying for DHLW disposal nor the ratepayers of electric utilities paying for SNF disposal are intended to subsidize one another.

## II. Alternative Methods of Calculating Fees to Cover the Costs of Disposal of Defense High-Level Waste

## A. Assumptions

The fees to be paid must be calculated to cover the costs of DHLW disposal in any geologic repository developed pursuant to the NWPA. These wastes include DHLW to be generated in the future through 2020, as well as designated wastes currently stored at the Hanford site, Savannah River Plant, and the Idaho National Engineering Laboratory. The adequacy of both defense and civilian waste disposal fees to cover their respective portions of the disposal system costs will be reassessed annually based on actual costs and updated estimates of future costs and waste quantities to be handled. In the final analysis, the defense and civilian waste disposal fees must provide for the full cost recovery of expenditures made by DOE from the Nuclear Waste Fund. Consequently, it is important to note that the fees will be based on cost estimates that will be refined annually through completion of the OCRWM repository program. The cost estimates in this notice are those used in *Analysis of the Total-System Life-Cycle Cost for*



the Civilian Radioactive Waste Management Program (DOE/RW-0047), April 1986. This analysis is based on the Energy Information Administration mid-case projection for spent nuclear fuel discharges with no increased burnup as published in *World Nuclear Fuel Cycle Requirements* (DOE/EIA-0436(85)), December 1985.

This discussion assumes pairs of repositories for the purpose of illustrating the application of the fee calculation methodologies discussed herein. Basalt/salt and tuff/salt repository pairs, which are representative of the high and low ranges of cost estimates, are used in this discussion. The pairs are used to illustrate a range of defense waste fees under several repository pairs which could be selected. As required by the NWPA, OCRWM will continue to plan under the assumption that there will be two repositories. Site selection can only be made upon completion of the site selection process mandated by the NWPA.

It is assumed that DHLW will be transferred to OCRWM in sealed canisters that will not have to be opened before emplacement in repositories. Thus, DHLW will not have to be compacted and canisterized by OCRWM. As a result, DHLW will not require the use of such facilities as Waste Handling Building #2 at the first repository or a Monitored Retrievable Storage facility, if constructed.

The time value of money, in the form of interest rates based on OCRWM borrowings from the U.S. Treasury or on the rate of return on Nuclear Waste Fund investments (as appropriate), is to be considered as a cost in the determination of the DHLW fee payments. The time value of money has been considered explicitly in the annual evaluations of the adequacy of total civilian fee revenues to cover the full costs paid for the disposal of civilian nuclear wastes. If the time value of money were not considered as a cost of disposal, the postponement of payments would have the effect of reducing the purchasing power of these payments, thereby providing a subsidy to the waste generator that delays payment. For the DHLW fee to be equivalent to civilian nuclear waste disposal fees, the present discounted value of the fee revenues for DHLW disposal must equal the present discounted value of the costs of disposing of these wastes.

#### B. Alternative Options for Calculating Fees

In the following section, three

approaches to determining fees are described. A comparison of these options follows.

1. Option I: A fee that equals the total cost of disposing of DHLW by OCRWM, with common costs shared on the basis of areal dispersion, piece count, and share of canisters processed in a facility. ("Full cost recovery using sharing formulas".)

Under this option, the fee for DHLW would be equivalent to the estimated OCRWM cost of DHLW disposal based on an allocation of applicable OCRWM costs. This allocation would be made by means of cost-sharing formulas applied to major cost elements as reported in OCRWM's annual total system life-cycle cost analyses. Costs for facilities and activities carried out solely for DHLW disposal, such as transportation and canister overpacking for DHLW, would be treated as direct costs and included in the DHLW fee together with DHLW share of common costs for facilities and activities used for both DHLW and civilian waste disposal. The cost nomenclature used for the total system life-cycle cost would allow, as a minimum, the clear separation of cost items that are classified as (a) development and evaluation, (b) engineering and construction, (c) operations, (d) decommissioning, (e) canister overpacking, and (f) transportation. The proposed basis for the allocation of common costs is given below.

#### Proposed Basis for Allocating Common Costs of Shared Facilities and Activities<sup>1</sup>

| Cost element  | Basis for sharing costs                   |
|---|---|
| Development and Evaluation.   | Areal Dispersion.                         |
| Engineering and Construction site:                                  | Areal Dispersion.                         |
| Waste Handling Building #1 at the First Repository.                 | Share of Canisters Processed in Facility. |
| Other Waste Handling (less SNF Consolidation and Containerization). | Piece Count.                              |
| Underground Development plus Shafts and Ramps.                      | Areal Dispersion.                         |
| Support & Utilities.  | Areal Dispersion.                         |

| Cost element  | Basis for sharing costs                   |
|---|---|
| Operations  |   |
| Emplacement Site:   | Areal Dispersion.                         |
| Waste Handling Building #1 at the First Repository.                 | Share of Canisters Processed in Facility. |
| Other Waste Handling (less SNF Consolidation and Containerization). | Piece Count.                              |
| Support & Utilities.  | Piece Count.                              |
| Shafts and Ramps.   | Areal Dispersion.                         |
| Underground Development (less Boreholes and Waste Emplacement).     | Areal Dispersion.                         |
| Boreholes and Waste Emplacement.                                    | Piece Count.                              |
| Caretaker .....   | Areal Dispersion.                         |
| Backfill .....  | Areal Dispersion.                         |
| Decommissioning.  | Areal Dispersion.                         |

<sup>1</sup> Canister overpacking and transportation costs are direct costs of handling DHLW and are treated separately from these common costs.

The areal dispersion factor is the area required for DHLW disposal as a fraction of the total repository disposal area. Areal dispersion is used for sharing the costs of common facilities and activities that vary more closely with the disposal area used rather than the number of individual waste packages. The piece count factor is the ratio of the total number of DHLW canisters to the total number of waste packages. Piece count is used to share the costs of facilities and activities that vary more closely with the number of canisters handled than with repository disposal area. The share of canisters processed is the ratio of DHLW canisters processed in waste handling building #1 at the first repository to the total number of canisters processed in this building.

The portion of the DHLW fee associated with each cost element for a shared facility or activity (including those for a planned second repository) would equal the relevant fraction (areal dispersion, piece count, or share of canisters processed in facility)



multiplied by the total cost element. For instance, the Appendix to this notice presents sample calculations using areal dispersion factors of 0.08 and 0.06, and piece count factors of 0.20 and 0.22 for basalt/salt and tuff/salt repository pairs, respectively. (These factors are also discussed in the Appendix.) This results in estimated DHLW fees for 16,000 canisters using this option for allocating costs that total (in 1985 dollars) \$3.43 billion for basalt/salt and \$2.60 billion for tuff/salt.

If appropriate, the DHLW fee will reflect credit for activities carried out or contributions made by the Department's Office of Defense Programs (DP) to the extent that they reduce the cost of OCRWM activities. Generic research that contributes to general knowledge about waste disposal or other activities that do not contribute directly to the reduction of OCRWM disposal costs cannot be considered as a justification for a lower DHLW fee.

2. Option II: Fee for DHLW based upon 1 mill per kilowatt-hour electric-generation equivalent for the defense reactor operations that produce these wastes. ("1-mill electric-generation equivalent fee")

Under this option, the total fee would be based on the Department's estimates of the electric-generation-equivalent (thermal output multiplied by the estimated thermal efficiency for electric generation) for past and future reactor operations that have produced the DHLW covered by this notice. The total electric-generation equivalent for 16,000 canisters of DHLW from past and future reactor operations is estimated by DOE's Office of Defense Programs to be 780 billion kilowatt-hours electric (kWh(e)) equivalent through 1986 and an additional 970 billion kWh(e) equivalent from 1987 through 2020. If the current 1 mill/kWh(e) fee now being paid by civilian waste generators were applied to these defense reactor operations, the total fee would be \$1.75 billion in 1985 dollars.

3. Option III: Defense and civilian waste producers fees equal to a fraction of the combined-repository program costs which is the same as that sector's fraction of the sum of the evaluated costs for separate repository programs. ("Cost shares proportional to avoided costs")

Under this total fee option, estimates would be made of the costs of separate repository systems ("avoided costs") for civilian and defense wastes. The total DHLW fee would equal the estimated cost of a combined disposal system multiplied by the estimated cost of a DHLW-only disposal system divided by the sum of the costs of a DHLW-only system and a civilian-waste-only

system. A major reason for cost savings in a combined system is that a large proportion of the cost of any waste disposal system is fixed. For example, costs for development and evaluation are largely unaffected by the precise amount of waste handled. As a result, the avoided cost per unit of disposal service can be expected to be higher for DHLW than for the larger volume of civilian wastes. In a preliminary study used on this option (Attachment B to Statement of James Tomonto, Florida Power & Light Company, Chairman, Utility Nuclear Waste Management Group, High-Level Waste Working Group on the Department of Energy's Mission Plan for the Civilian Nuclear Waste Program, before the Subcommittee on Energy Research and Development, Committee on Energy and Natural Resources, U.S. Senate, September 12, 1985.), it was estimated that the total DHLW fee should equal 25 to 30 percent of the repository costs. This estimate was based on forecasts of waste production only from existing reactors. The projected amounts of waste were 86,000 metric tons (assumed to be 29,550 canisters) of SNF and 22,450 DHLW canisters. The separate disposal costs were estimated to be \$7.3 billion for DHLW and \$17.9 billion for SNF; and combined repository costs were \$20.2 billion. A total DHLW fee of about \$5.9 billion in 1985 dollars was calculated. For 16,000 DHLW canisters, the fee calculated by this methodology would be on the order of \$5.3 billion.

### C. Comparison of Optional Approaches

In comparing these options, it should be noted that the DHLW disposal fee estimates under Option I of \$2.60 billion to \$3.43 billion in 1985 dollars are preliminary. The Option I fee range is based on estimates of parameters that will be improved in future analyses: the numbers of DHLW and spent-fuel canisters, the density with which each type of waste is emplaced in the repositories, and the costs of the combined disposal system are all subject to further study. Accordingly, total system life-cycle costs and other key parameters will be reestimated annually. Since the current cost estimates are based on preconceptual plans, it is recognized that the cost breakdown and cost sharing method can be expected to become somewhat more detailed as estimates of costs and plans for the operation of the waste disposal system become more detailed. An additional major source of uncertainty is that, under procedures required by the NAWPA, the site of the first repository will not be determined until the early 1990s. Because major uncertainties will

remain for several years, they must be accommodated by the fee determination methodology. This is proposed to be accomplished by incorporating the DHLW fee into OCRWM's annual fee adequacy evaluation, which will determine whether the defense and/or civilian fees need to be adjusted.

Option I would assure that both civilian and defense waste generators pay their full share of costs for the OCRWM disposal system, since it provides a sharing of costs based on facility usage and activities performed for both civilian waste and DHLW disposal. There would be no subsidy from or to civilian waste generators that use the OCRWM disposal system. Furthermore, the fee would be adjusted to be equivalent to the costs for OCRWM disposal of DHLW. This can be expected to provide an additional incentive for overall nuclear waste disposal efficiency. DP will consider the likely impacts of DHLW preparation and handling on OCRWM costs and, therefore, on the fee charged for disposing of DHLW. This fee option is considered to be fully consistent with the intent of the NAWPA.

Option II, a charge of 1 mill per kWh(e) for the electric-generation-equivalent of defense reactor operations, is estimated to yield revenues that total about one-half of the revenue raised by Option I. The 1 mill/kWh(e) fee (together with one-time fees equivalent to 1 mill/kWh(e)) assessed electric utilities is intended to recover all OCRWM costs associated with the disposal of civilian nuclear wastes. This fee is based on the operations of reactors that are optimized for electricity generation. In comparison, defense reactor operations are optimized for the production of defense materials. Due to the lower irradiation level of defense reactor fuels and the chemical processing step, the DHLW volume resulting from a given reactor thermal output is greater than the civilian waste volume resulting from the same thermal output. Thus, the 1 mill/kWh fee applied to operations of defense reactors would yield revenues lower than the estimated incremental cost (which is less than the fair share of total costs) for the disposal of DHLW by OCRWM. Therefore, while this fee option is conceptually simple and easy to apply, it does not provide for equitable sharing of costs and full-cost recovery and would likely result in a subsidy from civilian to defense waste generators.

Under Option III, cost shares proportional to avoided cost, the cost savings resulting from a combined



repository system would be shared in proportion to the costs of separate repository systems. This cost sharing basis has the advantages of being relatively simple in concept and of avoiding the need to assign and share costs for each element in a combined repository program. On the other hand, it is based on cost estimates for separate repository systems for civilian waste and DHLW that will remain forever hypothetical because such systems, largely because of their higher costs, will not be constructed. Although a full and updated analysis of the costs of separate waste disposal systems would be required in order to estimate the total DHLW fee under Option III, some inferences about components of this fee can be made.

The costs for development and evaluation (D&E), as well as a portion of engineering and construction costs, would be treated as fixed costs, since they do not vary significantly with the amount of waste handled. If it is assumed that (1) D&E costs for a separate DHLW disposal system will be about half of the D&E costs for a two-repository SNF-only system and that (2) there will be more than four times as many SNF canisters as DHLW canisters, the D&E-cost component of the Option III fee per DHLW canister would be approximately double the D&E-cost component of the fee per SNF canister. This result would occur despite the higher radioactive isotope content and heat generation for a SNF canister than for a DHLW canister. As a result of the implied large share of common costs allocated to DHLW, Option III would be expected to cause this component of the DHLW fee to be greater than the actual cost of this component. Such a fee payment in excess of costs would result in a subsidy from DP to generators of civilian wastes.

The construction of separate facilities is not a disposal alternative that is now under consideration because the President has made the decision to use a common high-level nuclear waste disposal system for permanent high-level nuclear waste disposal. Thus the cost of hypothetical alternative disposal facilities would seem to be an inappropriate basis for the sharing of costs among users of a combined disposal system.

**D. Preferred Alternative**

For the foregoing reasons, the DOE has tentatively decided that the total DHLW disposal fee to be paid into the Nuclear Waste Fund by DP be determined by the method in Option I, the full cost recovery under sharing formula. Public comments on this

tentative approach to determining the total DHLW disposal fee are invited.

Issued in Washington, DC, November 25, 1986.

**Ben C. Rusche,**

*Director, Office of Civilian Radioactive Waste Management.*

**Appendix—Defense High-Level Waste Disposal: Sample Calculations Under Fee Option I**

• Costs are in 1985 dollars based on the Basalt/Salt and Tuff/Salt repository pairs used for producing estimates in the *Analysis of the Total System Life Cycle Cost for the Civilian Radioactive Waste Management Program*, (DOE/RW-0047), April 1986.

• It is assumed that a total of 8,000 metric tons (16,000 canisters) of DHLW will be emplaced together with 126,000 metric tons of spent fuel and related wastes.

• The parameters used for sharing costs are indicated in parentheses.

• The areal dispersion factor for Basalt/Salt, 0.08, is an average of estimated shares of combined disposal area accounted for by DHLW in basalt and salt repositories. For Tuff/Salt this figure is 0.06.

• The piece count factor for Basalt/Salt, 0.20, represents the proportion of total

canisters accounted for by DHLW waste canisters. For Tuff/Salt, this figure is 0.22. Both these figures are based on the assumption that spent fuel hardware will be emplaced in boreholes.

• It is assumed that DHLW will arrive at OCRWM facilities in sealed canisters ready for packing and emplacement. Therefore, DHLW will not make use of facilities for consolidation such as Waste Handling building #2 at the first repository or a Monitored Retrievable Storage facility, if constructed.

**HIGH COST ESTIMATE: BASALT/SALT REPOSITORY PAIR**

| Development and evaluation                | (million) |
|---|-----------|
| 1st Repository.....                       | \$3,506   |
| 2nd Repository.....                       | 2,602     |
| Transportation & Systems Integration..... | 313       |
| Socioeconomic Assistance.....             | 600       |
| Government Administration.....            | 2,349     |
|   | \$9,370   |

Development and Evaluation = 9,370 million x 0.08 = \$750 million.

| Engineering and construction   | 1st repository    | 2nd repository    |
|--|-------------------|-------------------|
| Site.....  | \$46(0.08) = \$4  | \$105(0.08) = \$8 |
| Waste Handling less Waste Handling Building #2 at the first repository and SNF Consolidation and Containerization..... | 120               | 410(0.20) = 82    |
| Underground Development plus shafts & ramps.....   | 1,255(0.08) = 100 | 890(0.08) = 71    |
| Support & Utilities.....   | 292(0.08) = 23    | 314(0.08) = 25    |
| Subtotals.....   | \$247 million     | \$186 million.    |

Total Engineering and Construction = \$433 million.

**Operations:**

| Emplacement  | 1st repository    | 2nd repository    |
|--|-------------------|-------------------|
| Site.....  | \$55(0.08) = \$4  | \$112(0.08) = \$9 |
| Waste Handling less Waste Handling Building #2 at the first repository and SNF Consolidation and Containerization..... | 188               | 757(0.20) = 151   |
| Support & Utilities.....   | 1,460(0.20) = 292 | 1,090(0.20) = 218 |
| Shafts & Ramps.....  | 21(0.08) = 2      | 13(0.08) = 1      |
| Underground Development less Boreholes and Waste Emplacement.....  | 1,909(0.08) = 153 | 1,044(0.08) = 84  |
| Boreholes and Waste Emplacement.....   | 543(0.20) = 109   | 350(0.20) = 70    |
| Caretaker.....   | 686(0.08) = 55    | 602(0.08) = 48    |
| Backfill.....  | 1,657(0.08) = 133 | 115(0.08) = 9     |
| Subtotals.....   | \$936 million     | \$590 million.    |

Total Operations = \$1,526 million.

**Decommissioning:**

| 1st repository                           | 2nd repository                  |
|--|---------------------------------|
| 267 (0.08) = \$21 million.....           | 210 (0.08) = \$17 million.      |
| Total Decommissioning \$38 million.      |                                 |
| <i>Canister overpacking:</i>             |                                 |
| 1st repository = \$255 million.....      | 2nd repository = \$227 million. |
| Total overpacking = \$482 million.       |                                 |
| Transportation for DHLW = \$201 million. |                                 |



| Summary                           | (billion) |
|-----------------------------------|-----------|
| Development and Evaluation.....   | \$0.75    |
| Engineering and Construction..... | 0.43      |
| Operations.....                   | 1.53      |
| Decommissioning.....              | 0.04      |
| Canister Overpacking.....         | 0.48      |
| Transportation.....               | 0.20      |
| Total.....                        | \$3.43    |

Since DHLW does not use Waste Handling Building (WHB) #2 at the first repository, this figure represents the DHLW share of WHB #1 use (0.88) multiplied by WHB #1 cost. To this is added the piece count share of costs for waste handling facilities other than WHBs. Bases for Cost-Sharing Parameters for Basalt/Salt Repository System.

It is assumed that equal numbers of DHLW canisters (8,000) are placed in each repository. The piece count for the basalt repository is based on 44,249 SNF and hardware canisters and 8,000 DHLW canisters, from which  $8,000 / (8,000 + 44,249) = 0.153$ . For the salt repository, the calculation is  $8,000 / (8,000 + 21,391) = 0.272$ . For the pair of repositories, overall piece count is  $16,000 / (44,249 + 21,391 + 16,000) = 0.196$ .

| Engineering and Construction   | 1st Repository   | 2nd Repository  |
|--|------------------|-----------------|
| Site.....  | \$173(0.06)=\$10 | \$105(0.06)=\$6 |
| Waste Handling less Waste Handling Building #1 at the first repository and SNF Consolidation and Containerization..... | (b) 89           | 410(0.22)=90    |
| Underground Development plus Shafts & Ramps.....   | 396(0.06)=24     | 889(0.06)=53    |
| Support & Utilities.....   | 143(0.06)=9      | 314(0.06)=19    |
| Subtotals.....   | \$132 million    | \$168 million.  |

Total Engineering & Construction=\$300 million.

| Operations  | 1st Repository   | 2nd Repository  |
|---|------------------|-----------------|
| Emplacement:  |                  |                 |
| Site.....   | \$207(0.06)=\$12 | \$112(0.06)=\$7 |
| Waste Handling:   |                  |                 |
| Less Waste Handling Building #1 at the first repository and SNF Consolidation and Containerization..... | (b) 106          | 757(0.22)=167   |
| Support & Utilities.....  | 1,592(0.22)=350  | 1,090(0.22)=240 |
| Shafts & Ramps.....   | 1(0.06)=0        | 13(0.06)=1      |
| Underground Development less Boreholes and Waste Emplacement.....                                       | 785(0.06)=47     | 1,044(0.06)=63  |
| Boreholes and Waste Emplacement.....  | 237(0.22)=52     | 350(0.22)=77    |
| Caretaker.....  | 388(0.06)=23     | 603(0.06)=36    |
| Backfill.....   | 0(0.06)=0        | 115(0.06)=7     |
| Subtotals.....  | \$590 million    | \$598 million   |

DOE has estimated that, because of lower heat output for DHLW than for SNF canisters (500 watts compared to 2 to 6 kilowatts), the spacing between boreholes will be less for DHLW than for SNF. The areal dispersion ratios in basalt and salt are estimated to be 0.131 and 0.046, respectively, with an overall areal dispersion ratio, taking account of differing canister shares in the two repositories, of 0.08.

#### LOW COST ESTIMATE: TUFF/SALT REPOSITORY PAIR

| Development and evaluation                  | (Million) |
|---|-----------|
| 1st Repository.....                         | \$3,506   |
| 2nd Repository.....                         | 2,602     |
| Transportation and Systems Integration..... | 313       |
| Socioeconomic Assistance.....               | 600       |
| Government Administration.....              | 2,349     |
|   | \$9370    |

Development & Evaluation—\$9370 million  $\times$  0.06=\$562 million.

Total Operations=\$1188 million.  
Decommissioning:

| 1st Repository                         | 2nd Repository                |
|--|-------------------------------|
| 112(0.06)=\$7.....                     | 210(0.06)=\$13                |
| Total Decommissioning=\$20 million.    |                               |
| Canister Overpacking:                  |                               |
| 1st Repository=\$85 million.....       | 2nd Repository=\$227 million. |
| Total Overpacking=\$312 million.       |                               |
| Transportation for DHLW=\$221 million. |                               |

| Summary                           | (Billion) |
|-----------------------------------|-----------|
| Development and Evaluation.....   | \$0.56    |
| Engineering and Construction..... | 0.30      |
| Operations.....                   | 1.19      |
| Decommissioning.....              | 0.02      |
| Canister Overpacking.....         | 0.31      |
| Transportation.....               | 0.22      |
| Total.....                        | \$2.60    |

b Since DHLW does not use Waste Handling Building (WHB) #2 at the first repository, this figure represents the DHLW share of WHB #1 use (0.84) multiplied by WHB #1 cost. To this is added the piece count share of costs for waste handling facilities other than the WHBs.

Bases for Cost-Sharing Parameters for Tuff/Salt Repository System.

It is assumed that equal numbers of DHLW canisters (8,000) are placed in each repository. The piece count for the tuff repository is based on 34,652 SNF canisters and 8,000 DHLW canisters, from which  $8,000 / (8,000 + 34,652) = 0.188$ . For the salt repository, the calculation is  $8,000 / (8,000 + 21,391) = 0.272$ . For the pair of repositories, the piece count ratio is  $16,000 / (34,652 + 21,391 + 16,000) = 0.222$ .

DOE has estimated that, because of lower heat output for DHLW than for SNF canisters (500 watts compared to 2 to 3 kilowatts), the spacing between boreholes will be less for DHLW than for SNF. The areal dispersion ratios in tuff and salt are estimated to be 0.08 and 0.46, respectively, with an overall areal dispersion ratio of 0.06.

[FR Doc. 66-27009 Filed 12-1-86; 8:45 am]

BILLING CODE 6450-01-M



# Federal Register

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Tuesday  
December 2, 1986

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## Part VI

# Environmental Protection Agency

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40 CFR Part 60

Review of Standards of Performance for  
New Stationary Sources; Petroleum  
Refineries; Rule



## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 60

[AD-FRL-3098-9]

### Review of Standards of Performance for New Stationary Sources; Petroleum Refineries

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Review of Standards for Petroleum Refinery Fuel Gas.

**SUMMARY:** Under section 111 of the Clean Air Act, EPA is required to review standards of performance for new, modified, or reconstructed stationary sources every 4 years. A review of the existing standards of performance for petroleum refineries (40 CFR Part 60, Subpart J) has been completed. The review indicates that no revision to that portion of the standard relating to refinery fuel gas is necessary at this time. However, the Agency is investigating the application of a continuous emission monitor for measuring the sulfur concentration in a treated refinery fuel gas. When this measurement technique is decided upon and a **Federal Register** notice is proposed for the continuous monitoring, any necessary changes to the subpart (resulting from use of the continuous monitors) will be accomplished concurrently.

**ADDRESSES:** Document: The document "Review of New Source Performance Standards for Petroleum Refinery Fuel Gas" (EPA report No. EPA 450/3-86-011) may be obtained from the U.S. EPA Library (MD-35), Research Triangle Park, North Carolina, 27711, telephone number (919) 541-2777.

**Docket.** A docket, number A-84-44, containing information considered by EPA during the review, is available for public inspection between 8:00 a.m. and 4:00 p.m., Monday through Friday, at EPA's Central Docket Section (A-130), West Tower Lobby, Gallery 1, 401 M Street, SW., Washington, DC 20460. A reasonable fee may be charged for copying.

#### FOR FURTHER INFORMATION CONTACT:

For further information and interpretations of applicability, compliance requirements, and reporting aspects of the standards, contact the appropriate Regional, State, or local office contact as listed in 40 CFR 60.4. For further information concerning the technical aspects of this review, contact Mr. Wm. Larry Elmore, Industrial Studies Branch, Emission Standards and Engineering Division (MD-13), U.S.

Environmental Protection Agency, Research Triangle Park, North Carolina 27711, telephone (919) 541-5595. For further information concerning the policy aspects of this review, contact Ms. Gail K. Lacy, Standards Development Branch, Emission Standards and Engineering Division (MD-13), U.S. Environmental Protection Agency, Research Triangle Park, North Carolina 27711, telephone (919) 541-5578.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

New source performance standards (NSPS) for petroleum refineries were proposed by the EPA on June 11, 1973 (38 FR 15406) and promulgated on March 8, 1974 (30 FR 9308). One portion of these standards regulates sulfur dioxide (SO<sub>2</sub>) emissions from combustion devices capable of burning refinery fuel gas. Refinery fuel gas is defined as any gas which is generated at a petroleum refinery and which is combusted. Fuel gas also includes natural gas when the natural gas is combined and combusted in any proportion with a gas generated at a refinery.

This NSPS allows the owner/operator two options to control SO<sub>2</sub> emissions from combustion devices capable of burning refinery fuel gas. One option is to control the hydrogen sulfide (H<sub>2</sub>S) concentration in refinery fuel gas to 230 milligrams/dry standard cubic meter (mg/dscm) [0.10 grains/dry standard cubic foot (gr/dscf)] prior to being burned in a combustion device. The other option allows for control of SO<sub>2</sub> emissions from the refinery fuel gas combustion device without controlling the H<sub>2</sub>S concentration in the refinery fuel gas. The Agency is not aware of any refinery that utilizes this latter option.

As required by section 111(a)(1) of the Act, the promulgated standards reflect application of "the best technological system of continuous emission reduction which (taking into consideration the cost of achieving such emission reduction, any non-air quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated." For convenience, this is referred to as "best demonstrated technology" or "BDT."

Section 111(b)(1)(B) of the Act requires the EPA to review and, if appropriate, revise NSPS, at least every 4 years. The principal purpose of such review and appropriate revisions is to ensure that the standards reflect a current assessment of BDT.

The review of the refinery fuel gas standard has been conducted by

contacting EPA Regional Offices, State agencies, the American Petroleum Institute, companies subject to the NSPS, and control equipment vendors. Information was collected on the number and location of facilities subject to the NSPS, control equipment performance and costs, and testing and monitoring data. From these sources, a document was prepared covering the current status of control technology with emphasis on units subject to the NSPS compliance test data, monitoring systems employed, and costs and cost effectiveness for a control system.

##### II. Findings

###### A. Industry Information

The "affected facility" is defined as any combustion device that is capable of burning refinery fuel gas. The exact number of fuel gas combustion devices subject to this standard is unknown because the control devices treat gas distributed to many fuel gas combustion devices. According to information obtained by EPA's Stationary Source Compliance Division, 54 petroleum refineries have become subject to that portion of the standard relating to combustion of refinery fuel gas since 1975. Trade journals were also reviewed for information on new refinery construction projects. During the 1980-1985 period, there were 42 construction projects that involved H<sub>2</sub>S control systems at petroleum refineries.

The overall petroleum refinery industry has experienced negative growth. From January 1981 to December 1985, a total of 112 refineries were shut down, bringing the total of operable refineries to 191. The petroleum refining industry continues to make long-term adjustments in response to the slowdown in product demand, shifts in the product mix, and the declining quality of crude oil supplies. These adjustments have resulted in the expansion of existing refineries which may lead to new, modified, or reconstructed fuel gas combustion devices. In order to comply with the NSPS, refineries are continuing to install new H<sub>2</sub>S control systems or expand existing H<sub>2</sub>S control capacity.

###### B. Emission Control Technology

In order to comply with the refinery fuel gas H<sub>2</sub>S concentration limit, the owner/operator of the affected facility has the option of either reducing the H<sub>2</sub>S concentration prior to burning the refinery fuel gas in the affected facility or treating the SO<sub>2</sub> emissions from the affected facility. Presently, all known affected facilities control SO<sub>2</sub> emissions



by reducing the H<sub>2</sub>S concentration in the refinery fuel gas prior to being burned. Two processes are being used to comply with this NSPS: the alkanolamine process and the LO-CAT® process. (Mention of trade names or commercial products is not intended to constitute endorsement or recommendation for use.)

The vast majority of the control units used to remove H<sub>2</sub>S are alkanolamine systems. In this process, refinery fuel gas containing H<sub>2</sub>S contacts the alkanolamine in an absorber unit. The H<sub>2</sub>S is removed from the refinery fuel gas and the treated gas is then used as fuel elsewhere in the refinery. The alkanolamine solution is regenerated by steam stripping in a regenerator. The steam is condensed and the separated H<sub>2</sub>S is piped to a sulfur recovery unit. The regenerated alkanolamine is recycled to the absorber unit.

The LO-CAT® process removes H<sub>2</sub>S from refinery fuel gas by using an aqueous catalyst which is circulated in a closed loop between the absorber and the oxidizer vessel. In the absorber the H<sub>2</sub>S gas is absorbed very rapidly into the catalyst solution where it is immediately oxidized to precipitate elemental sulfur. Partially reduced catalyst solution is regenerated in the oxidizer vessel by direct contact with compressed air. Sulfur formed in the absorber vessel circulates with the catalyst solution and the particles grow to the 10-20 micrometer range. The larger sulfur particles settle out of the catalyst solution in the oxidizer vessel and are pumped to a melter then to a storage vessel.

The review did not find any demonstrated technologies for controlling emissions that achieve better control than the technologies just described. Analyses of the cost of the technologies upon which the standard is based showed that the costs remain reasonable. Therefore, the EPA concludes that the technology on which the standard is based is still appropriate.

#### C. Achievability

Data for 15 compliance tests were obtained from 9 different refineries. All of the test data that were submitted were from refineries that use an alkanolamine process system to remove the H<sub>2</sub>S from the refinery fuel gas. Compliance test results for the H<sub>2</sub>S concentration in refinery fuel gas range from 3 mg/dscm to 119 mg/dscm (the NSPS is 230 mg/dscm).

No compliance test data were obtained for a LO-CAT® system; however, one refinery with such a system has installed a continuous H<sub>2</sub>S

monitor. According to information submitted by the refinery, the H<sub>2</sub>S concentration of the refinery fuel gas treated by the LO-CAT® system ranges from 30 mg/dscm to 75 mg/dscm.

The H<sub>2</sub>S concentration limit for refinery fuel gas was originally based upon the alkanolamine technology. As already described, this review found that alkanolamine systems are still applicable to all plants and can achieve the emission limit at a reasonable cost. The LO-CAT® technology has been installed at two refineries and also is capable of complying with the standard.

Review of the compliance data suggests the possibility of lowering the emission limit. However, with the present emission limit, owners and operators will continue to use the technology design upon which the standard is based. Also, since EPA has not proposed and promulgated specifications for continuous emission monitors, there is no long-term data from certified monitors to determine whether a lower H<sub>2</sub>S concentration limit can be maintained on a continuous basis. Therefore, the EPA has concluded that retaining the current NSPS emission level is appropriate, at this time.

#### D. Cost Impacts

Information on the capital and annualized costs of control units used to remove H<sub>2</sub>S was supplied by refineries subject to the NSPS and a vendor of the control equipment. The cost effectiveness of controlling the H<sub>2</sub>S concentration in refinery fuel gas was estimated for four model unit sizes [amine treatment: 5.08, 10.16, 50.8 and 101.6 megagrams of sulfur produced per day (Mg/D); LO-CAT® 1.02, 2.03, 5.08 and 10.16 Mg/D] at three H<sub>2</sub>S concentrations (1%, 5% and 10% H<sub>2</sub>S) for both types of control systems. For the alkanolamine system with a Claus sulfur recovery unit, the cost effectiveness (January 1985 dollars) ranges from \$222/Mg of SO<sub>2</sub> for the 5.08 Mg/D plant to a credit of \$11.5/Mg of SO<sub>2</sub> for the 101.6 Mg/D plant. The cost effectiveness (January 1985 dollars) for the LO-CAT® system ranges from \$98/Mg to \$440/Mg of SO<sub>2</sub> removed for the 10.16 and the 1.02 Mg/D plant, respectively.

#### E. Test Requirements.

The regulation requires facilities subject to the H<sub>2</sub>S concentration limit to monitor the pollutant with a continuous emission monitor. However, this requirement is not presently in effect because the EPA has not established performance specifications for H<sub>2</sub>S continuous emission monitors. In 1980, the EPA studied H<sub>2</sub>S continuous emission monitors but did not find any

that were acceptable. Recently, the Agency contacted various State and local agencies and petroleum refineries in an attempt to collect existing data for H<sub>2</sub>S continuous emission monitors. The conclusion of this study was that insufficient data exists to establish performance specifications for H<sub>2</sub>S monitors. A recommendation resulting from this NSPS review is that EPA develop an alternative method of continuously measuring the sulfur concentration in treated refinery fuel gas. One method that EPA will consider is the use of continuous SO<sub>2</sub> monitors.

#### III. Conclusions

Based on the above findings, the EPA concludes that the level of control required by the NSPS for petroleum refinery fuel gas reflects BDT considering economic impacts. Therefore, no changes in the standards are being made. Revisions to the monitoring requirements of the standard are appropriate and EPA will investigate alternatives for measuring the sulfur concentration in refinery fuel gas. If the investigations reveal that an alternative technique is reasonable, the Agency will propose this technique and any changes in the regulation necessitated by the continuous monitoring technique in the Federal Register.

#### IV. Miscellaneous

Publication of this review was preceded by consultation with appropriate advisory committees, independent experts, and Federal departments and agencies.

This regulation will be reviewed again in 4 years, as required by the Clean Air Act. This review will include an assessment of such factors as the need for integration with other programs, the existence of alternative methods, enforceability, improvements in emission control technology, and reporting requirements.

The information generated by the monitoring recordkeeping and reporting requirements of the standards is necessary and reasonable and will continue to be used by EPA to ensure compliance with the NSPS. The total annual burden associated with these requirements is estimated to be 12,599 person-hours per year for all respondents. Under the standards, the data collected by the affected industry would be retained a minimum of 2 years and made available for inspection as necessary.

The reporting and recordkeeping associated with the reviewed standards are currently being reviewed by the Office of Management and Budget



(OMB) as required by section 3504(h) of the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 et seq., and have been assigned OMB control number 2060-0022.

The Regulatory Flexibility Act of 1980 requires that the adverse impact of Federal Regulations on small businesses be identified. The Act requires the completion of a Regulatory Flexibility Analysis in those instances when small business impacts are possible. None of the refineries presently subject to the refinery fuel gas NSPS are unreasonably affected by the standard. Based on the

cost analysis, economic impacts on new small refineries are expected to be small. It is the Administrator's determination that the standard will not have a significant economic impact on a substantial number of small businesses. Accordingly, a small business impact analysis has not been prepared.

List of Subjects in 40 CFR Part 60

Air pollution control, reporting and recordkeeping requirements, intergovernmental regulations, and petroleum refineries.

Dated: November 24, 1986.

Don R. Clay,

Acting Assistant Administrator for Air and Radiation.

[FR Doc. 86-27024 Filed 12-1-86; 8:45 am]

BILLING CODE 6560-50-M

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# Registered Federal Report

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Tuesday  
December 2, 1986

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## Part VII

### Department of Agriculture

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Animal and Plant Health Inspection  
Service

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9 CFR Parts 145 and 147  
General Conference Committee of the  
National Poultry Improvement Plan;  
Announcement of Meeting



Tuesday  
December 2, 1958

Part VII

Department of  
Agriculture

Animal and Plant Health Inspection  
Service

9 CFR Parts 145 and 147  
General Conference Committee of the  
National Poultry Improvement Plan;  
Announcement of Meeting



**DEPARTMENT OF AGRICULTURE****Animal and Plant Health Inspection Service****9 CFR Parts 145 and 147**

[Docket No. 86-114]

**General Conference Committee of the National Poultry Improvement Plan; Meeting****AGENCY:** Animal and Plant Health Inspection Service, USDA.**ACTION:** Announcement of meeting.**SUMMARY:** This document gives notice of a meeting of the General Conference Committee of the National Poultry Improvement Plan.**DATE:** The meeting will be held December 17, 1986 (9 a.m. to 4 p.m.). Written comments may be filed with the Committee before or at the time of the meeting.**ADDRESSES:** The meeting will be held in Room 104-A of the Administration Building of the United States Department of Agriculture, 14th and Independence Avenue, SW., Washington, DC 20250. Written comments may be mailed to Dr. I. L. Peterson, Senior Coordinator, National Poultry Improvement Plan, VS, APHIS, USDA, Room 848, Federal Bulding, 6505 Belcrest Road, Hyattsville, MD 20782, (301-436-5140). Comments received may be inspected at this address between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.**FOR FURTHER INFORMATION CONTACT:** Dr. I. L. Peterson, 301-436-5140.**SUPPLEMENTARY INFORMATION:** This document gives notice of a meeting of the General Conference Committee of the National Poultry Improvement Plan (NPIP) to be held December 17, 1986. The purpose of the Committee is to make recommendations to the Department concerning the poultry industry and the poultry improvement

regulations contained in 9 CFR Parts 145 and 147.

At the meeting poultry disease prevention programs and other proposed rulemaking will be reviewed. Also, recommendations of the Poultry Improvement Industry Advisory Council and other poultry industry groups will be considered in advising the Department as to the proper course to follow in implementing the Model State Poultry Disease Prevention Program and in administering the National Poultry Improvement Plan.

The meeting will be open to the public. Written statements concerning these and other matters may be filed with the Committee before or at the time of the meeting.

Dated: December 1, 1986.

**B.G. Johnson,***Deputy Administrator, Veterinary Services,  
Animal and Plant Health Inspection Service.*

[FR Doc. 86-27230 Filed 12-1-86; 11:18 am]

BILLING CODE 3410-34-M



STATEMENTS OF ACCOUNTS

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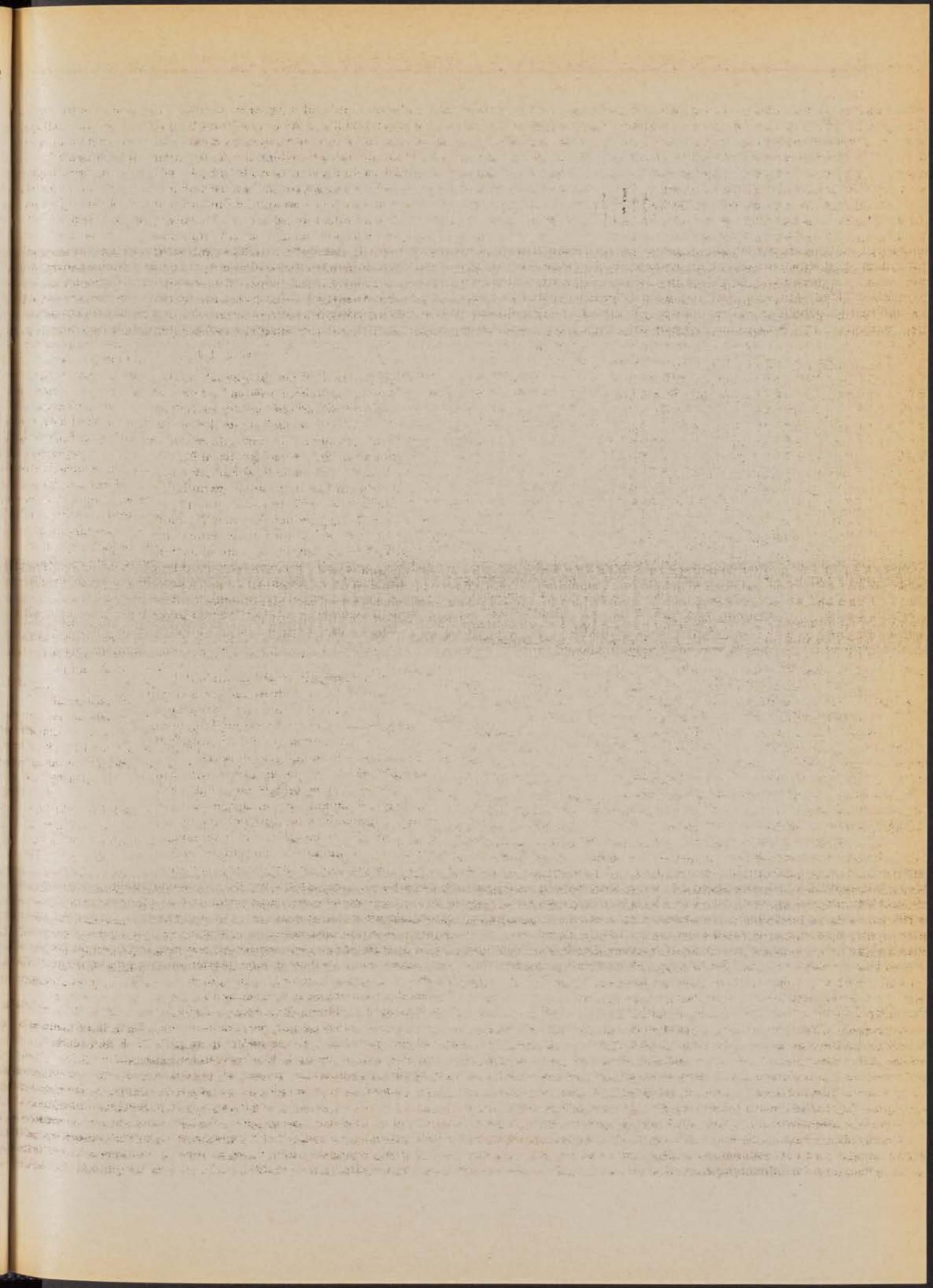
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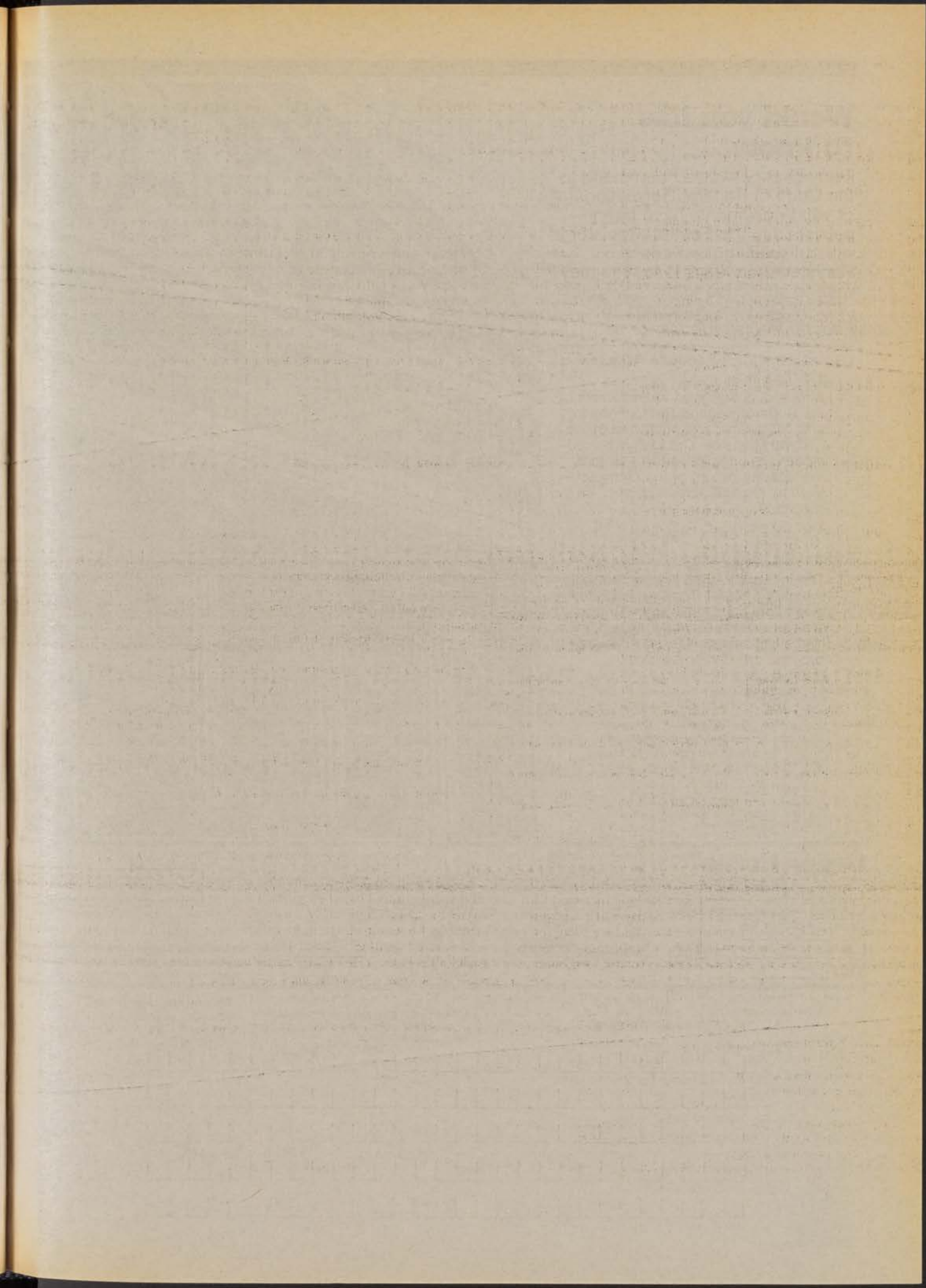
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