

facility and stated that she was not credited for inventory that had to be destroyed. Ms. Reece stated that her starting inventory was substantially less than it should have been and that she did not receive an inventory report from the SLA until one year later.

Complainant also stated that there was a problem with theft. She testified that these circumstances contributed to her inability to generate a profit. The Division of Family Services stated that it attempted to assist the complainant in improving the operation of her facility by making personnel available to assist in correcting her problems. The SLA provided an electric cash register to help her maintain better records of her cash flow.

Ms. Reece sought the reinstatement of her license, lost earnings in the amount of \$8,000, as well as reimbursement of attorney's fees. Complainant also sought to be reinstated at vending facility no. 84 at the Federal Court and Customs House. Complainant believed that, since the facility had been renovated and a security camera had been installed, she could operate the facility within the cost guidelines established by the SLA.

Arbitration Panel Decision

The panel found that Ms. Reece did not, in the 10 years that she operated the vending facility, achieve the set guidelines of 72% of net sales for the cost of goods to be sold and the 19% profit margin as required under 13 CSR 40-91.010(11). Her cost of goods to be sold exceeded 103% on several occasions and averaged in the 90 percent range. Her profit margin was never more than 5% or 6%, but most of the time that profit margin was less than 1% or a negative profit.

There was evidence that the SLA attempted to assist the vendor on several occasions in cutting her cost of goods sold and improving her margin of profit. The panel found that the SLA had just cause to terminate Ms. Reece's vendor's license. The panel suggested to the SLA that the vendor be permitted to apply for rehabilitation services and, upon completion of those services, that her bid be considered on a Level I facility when it becomes available.

The views and opinions expressed by the panel do not necessarily represent the views and opinions of the U. S. Department of Education.

Dated: June 13, 1995.

Judith E. Heumann,

Assistant Secretary for Special Education and Rehabilitative Services.

[FR Doc. 95-15512 Filed 6-23-95; 8:45 am]

BILLING CODE 4000-01-P

DEPARTMENT OF ENERGY

Financial Assistance: County of Lake, Special Districts Administration, Lakeport, CA

AGENCY: U.S. Department of Energy (DOE).

ACTION: Notice of intent.

SUMMARY: The U.S. Department of Energy, Idaho Operations Office, announces that pursuant to the DOE Financial Assistance Rules 10 CFR 600.7, it intends to award a renewal for Grant Number DE-FG07-93HD13257 to the County of Lake, Lakeport, California. The objective of the work to be performed under this grant is to provide funds to continue design, engineering, and construction oversight activities on the Southwest Geysers Effluent Pipeline. The project plan is to use treated wastewater effluent for injection as a means of increasing the recovery of energy from The Geysers geothermal field. The Federal Domestic Catalog Number is 81.087.

FOR FURTHER INFORMATION CONTACT:

Kathleen M. Stallman, U.S. Department of Energy, Idaho Operations Office, 850 Energy Drive, MS 1221, Idaho Falls, Idaho 83401-1563, (208) 526-7038.

SUPPLEMENTARY INFORMATION: The statutory authority for the proposed award is the Geothermal Energy Research, Development & Demonstration Act (Pub. L. 93-410); the Department of Energy Organization Act (Pub. L. 95-91); and the Energy and Water Development Appropriation Bill of 1993 (Pub. L. 102-377). The proposal meets the criteria for "non-competitive" financial assistance as set forth in 10 CFR Part 600.7(b)(2)(i)(C). The applicant represents a unit of government and the activity to be supported is related to the performance of a government function within the subject jurisdiction. The County of Lake is the leader of this project and is the appropriate agency, since they will be the owner and operator of the pipeline carrying the effluent from the county wastewater treatment plant to The Geysers. The anticipated period to complete the award is eighteen (18) months. The Office of Utility Technologies has provided \$1,800,000 to the DOE, Idaho Operations Office for support of this project. This grant would augment the County's funds associated with this project. The total estimated cost of this project is \$30,000,000.

R. Jeffrey Hoyles,

Director, Procurement Services Division.

[FR Doc. 95-15545 Filed 6-23-95; 8:45 am]

BILLING CODE 6450-01-M

Refractory Containment Research, Development and Demonstration

AGENCY: Department of Energy, Idaho Operations Office.

ACTION: Solicitation for Financial Assistance: Refractory Containment Research, Development and Demonstration.

SUMMARY: The U.S. Department of Energy (DOE) Idaho Operations Office (ID), is seeking applications for cost-shared research, development and demonstration (field testing) of new refractories in state-of-the-art high temperature furnaces and molten material handling equipment to assist end-use industry sectors to remain competitive, and reduce energy consumption and environmental impacts. The research is to be directed toward those refractories used by the aluminum, glass, iron or steel industries. Applications shall include a demonstration (field test) in an end-use facility. A minimum 50% non-DOE cost-share is required. This is the complete solicitation document.

DATES: The deadline for receipt of applications is 4:00 p.m. MDT, August 17, 1995.

ADDRESSES: Applications shall be submitted to: B. G. Bauer, Contracting Officer; Procurement Services Division; U. S. Department of Energy; Idaho Operations Office; P.O. Box 52280; Idaho Falls, Idaho 83405-2280. [NUMBER DE-PS07-95ID13375]

FOR FURTHER INFORMATION CONTACT:

Sharon Walker, Contract Specialist, Telephone (208) 526-5906, Facsimile (208) 526-5548.

SUPPLEMENTARY INFORMATION:

A. Background

Projects sponsored by the DOE Office of Industrial Technologies (OIT) are based on the needs and concerns of industry. The program advances technology to the point of commercialization. Historically, activities have focused on industrial competitiveness, the development of energy efficient, environmentally benign technology and equipment. As part of this program, this solicitation for DOE financial assistance applications is being issued. This solicitation is in accordance with Public Law 93-577, the Federal Non-nuclear Energy Research and Development Act of 1974.

B. Project Description

DOE anticipates awarding one or more Cooperative Agreements in accordance with DOE Financial Assistance regulations appearing at Title

10 of the Code of Federal Regulations, Chapter II Subchapter H, Part 600 as a result of this solicitation, and funds are available. Federal funds appropriated for this solicitation are approximately \$890,000 and are to be used to fund the entire two year research effort. The Catalog of Federal Domestic Assistance Number for this program is 81.078. All projects shall be cost shared by DOE and the participant. Applicants should be aware that any awardee shall be required to have a cost share of not less than 50% of the total cost of the program. *No fee or profit will be paid to the award recipients.* Under Cooperative Agreements it is anticipated there will be substantial involvement by DOE.

DOE suggests, but does not require, a multi-task single phase approach. The first task would usually consist of refractory material selection and rationale for selecting the refractory materials formulation, followed by the second task consisting of field testing of the selected refractory formulation in an state-of-the-art end-user application in one or more of the targeted industries. Project duration cannot exceed 2 years. Project(s) with durations of 2 years or less are eligible. All applications with project periods of 2 years or less will be given equal consideration. The period of performance for the first budget period is anticipated to be 12 months. If at the end of the first budget period, funds are available and the participant demonstrates a continuing need for federal assistance, shows sufficient progress in the research effort, has completed the work in compliance with a mutually agreed management plan, and identifies the new work planned, DOE may award a continuation to undertake further work to complete field testing. Successful applicants will be required to submit quarterly, annual and a final report to DOE.

The objective of this solicitation is to support research, development and demonstration (field testing) of new refractories in state-of-the-art high temperature furnaces and molten material handling equipment to assist end-use industry sectors to remain competitive, and reduce energy consumption and environmental impacts. The research is to be directed toward those refractories used by the aluminum, glass, iron or steel industries. Applications shall include a demonstration (field test) in an end-use facility.

New refractory systems are needed for use in existing industrial furnaces and for applications in new industrial processes (in the iron and steel, glass and aluminum end-use areas). Basic research to develop exotic new

materials is not being sought. Improved refractories resulting from compositional changes or adaptations of existing materials are being sought for high temperature applications. Refractories with improved thermal, mechanical, and chemical characteristics are needed to improve longevity, adaptability, resistance to harsh environments, and ease of application. Development may include (but are not limited to) the following:

- Refractory materials installation systems
- Refractory for molten material and/or slag containment systems
- Longer service life
- Composites, coatings
- Materials with improved expansion/contraction characteristics
- Furnace repair refractories and glass stop materials
- Recuperator linings
- Refractories for oxy-fuel or gas reburn applications
- Stable refractories for high temperature applications

C. Application Requirements

Each Application shall contain the following information and use the following format:

1.0 EXECUTIVE SUMMARY

- 1.1 Proposed program and why it is appropriate for domestic industry and the relationship to the objectives of the solicitation
- 1.2 Organizational Plan
- 1.3 Specialized Experience
- 1.4 Total costs and non-federal cost-share commitments
- 1.5 Nonproprietary summary of proposed project including project benefits suitable for public release (maximum of two pages)

2.0 CRITICAL REVIEW OF TECHNOLOGY STATUS

- 2.1 Domestic Technology Status including Emerging Technologies
- 2.2 Worldwide Technology Status including Emerging Technologies
- 2.3 Why domestic industry is not pursuing the proposed concept

3.0 PROJECT DESCRIPTION

- 3.1 Introduction including how industry has participated in the selection of the proposed R&D
- 3.2 Proposed concepts
- 3.3 Assumptions and detailed calculations of economic benefit to the overall domestic end-use industry
- 3.4 Assumptions and detailed calculations of energy savings in the overall domestic end-use industry
- 3.5 Technical feasibility and targets
- 3.6 Hurdles to be overcome by the proposed R&D

3.7 Environmental benefits of the proposed R&D

4.0 PROJECT PLAN

- 4.1 Project goals and scope
 - 4.2 Statement of work
 - 4.3 Work breakdown structure
 - 4.4 Milestone plan, schedule integration
 - 4.5 Technical targets, decision points and go/no-go decision criteria
 - 4.6 Spending plan by task, phase and year
 - 4.7 Sources of, and expectations concerning cost share and financing
 - 4.8 Commercialization plan including technology transfer to industry and academia
- #### 5.0 TECHNICAL CAPABILITIES
- 5.1 Key personnel and responsibilities
 - 5.2 Related experience
 - 5.3 Facilities and equipment available
 - 5.4 Justification for and description of needed facilities and estimated costs
- #### 6.0 PROJECT MANAGEMENT PLAN
- 6.1 Project organization and responsibilities
 - 6.2 Task integration and project coordination
 - 6.3 Project management structure including implementation and monitoring of R&D
 - 6.4 Management philosophy
 - 6.5 Reporting

D. Qualified Applicants

For profit and not for profit organizations, state and local governments, Indian tribes and institutions of higher learning. Applications may include national laboratories, but only as lower tier participants with funding for their expected costs provided through their existing arrangements with the Government.

E. Application Evaluation

a. Application Deadline

The deadline for receipt of applications is 4:00 p.m. MDT, August 17, 1995. Late applications will be handled in accordance with 10 CFR 600.13.

b. Selection of Applications

Only those applications which meet all of the requirements of this solicitation will be considered for selection. Selections will be made in accordance with the following selection criteria and programmatic considerations. All applications will be evaluated and point-scored in accordance with the following criteria. The applications should be fully responsive to each of the criteria.

Criterion 1: Research Concept and Plan—Factors to be considered are the clarity, completeness, responsiveness, and adequacy of the statement of work; the merit and depth of discussion of the proposed project (review of supporting data obtained in laboratory and/or pilot scale work completed to date) to determine if the proposed work is new and advanced, is based on sound scientific/engineering principles, advances refractory containment technologies which will assist one or more of the end-use industry sectors remain competitive, reduce energy consumption and environmental impacts, and the general applicability, timeliness and potential economic viability of the proposed technology; the planned levels of data acquisition, sampling and analyses; the schedule (sequence of project tasks, principal milestones, decision points, and adequacy of time for each task); and the planned assignment of responsibilities and level of manpower to complete the research.

Criterion 2: Applicant/Team Capabilities—Factors to be considered for the applicant and industrial partner team personnel are experience in research, development and demonstration of the project proposed; knowledge of past advanced developments in the work proposed; resources to perform the research, development and demonstration of the work proposed; ability to assemble a team of multi-disciplined individuals; qualifications of key individuals and the percentage of time devoted to the project; individual responsibilities, task assignments, and resource and manpower availability; and, project management methods.

Criterion 3: Facilities—Factors to be considered are the availability of laboratory and potential host facilities for performing research, development and demonstration work proposed; apparatus for performance of the tests, instrumentation, and data acquisition and control systems; and the availability of analytical support.

Criterion 4: Industrial Involvement—Factors to be considered are evidence of strong support by the refractory and end-user industry by identifying significant industry involvement in preparation of the application and in performing the research activities.

Criterion 5: Technology Transfer—The factor to be considered is the clear identification of a viable mechanism to facilitate the transfer of the technology to the end-user industry at the earliest practicable time;

Criterion 6: Cost Share—This solicitation requires a minimum of 50%

non-DOE cost share. Additional cost share will be point scored in the following manner. Fifty percent cost share is valued at 0 points; 51% to 60% cost share is valued at 1 point; 61% to 70% cost share is valued at 2 points; 71% to 80% cost share is valued at 3 points; 81% to 90% cost share is valued at 4 points; and, above 91% cost share is valued at 5 points.

c. Weighting of Criteria

The Evaluation Criteria are weighted in the following manner: The criteria will be based on a maximum of 100 points. Criterion 1 and 2 each have a maximum point value of 25. Criterion 3, 4, and 5 each have a maximum point value of 15. Criterion 6 has a maximum point value of 5.

d. Programmatic Selection Considerations

In conjunction with the evaluation results and rankings of individual applications, the Government will make selections for negotiations and planned awards from among the highest ranking applications utilizing the following programmatic considerations:

(1) The total proposed cost of the project will not be point scored. Applicants are advised, however, that not withstanding the lower relative importance of the cost considerations, the evaluated cost may be the basis for selection. In making the selection decision, the apparent advantages of individual technical and business applications will be weighed against the probable cost to the government to determine whether the application approaches (excluding cost considerations) are worth the probable cost differences.

(2) It is desirable to implement each research and development project as a continuing collaborative effort in which the participants represent both the scientific/engineering research disciplines as well as members of the refractory and end-use industry.

(3) Applications that have the potential to save significant energy, reduce negative environmental impacts and provide significant cost benefits are preferred.

(4) Applications requiring DOE funding levels exceeding the availability of federal funds stated in the solicitation will not be evaluated.

e. Merit Reviews

All Applications will be evaluated under the procedure for "Objective Merit Review of Discretionary Financial Assistance Applications" which was published in the **Federal Register** on May 31, 1990 (Vol. 55, No. 105).

Selections for negotiations are expected to be made October 6, 1995, and financial assistance awards are expected to be made beginning November 26, 1995.

GENERAL CONDITIONS

The applications will be evaluated in accordance with the Office of Energy Efficiency and Renewable Energy Merit Review Procedure, and the criteria and programmatic considerations set forth in this solicitation. In conducting this evaluation, the Government may utilize assistance and advice from non-Government personnel. Applicants are therefore requested to state on the cover sheet of the applications if they do not consent to an evaluation by such non-Government personnel. The applicants are further advised that DOE may be unable to give full consideration to an application submitted without such consent. DOE reserves the right to support or not to support any, all, or any part of any application. All applicants will be notified in writing of the action taken on their applications in approximately 90 days after the closing date for this solicitation, provided no follow-up clarifications are needed. Status of any application during the evaluation and selection process will not be discussed with the applicants. Unsuccessful applications will not be returned.

A. Instructions for Preparation of Applications

Each application in response to this solicitation should be prepared in one volume. One original and nine copies of each application are required. Applications shall be a maximum of 40 pages excluding costing information and, assurance and certification forms provided in the DOE Application Instruction package. The application facesheet is the Standard Form 424. The application is to be prepared for the complete project period.

a. Proprietary Application Information

Applications submitted in response to this solicitation may contain trade secrets and/or privileged or confidential commercial or financial information which the applicant does not want used or disclosed for any purpose other than evaluation of the application. The use and disclosure of such data may be restricted provided the applicant marks the cover sheet of the application with the following legend, specifying the pages of the application which are to be restricted in accordance with the conditions of the legend:

"The data contained in pages _____ of this application have been submitted in

confidence and contain trade secrets or proprietary information, and such data shall be used or disclosed only for evaluation purposes, provided that if this applicant receives an award as a result of or in connection with the submission of this application, DOE shall have the right to use or disclose the data herein to the extent provided in the award. This restriction does not limit the government's right to use or disclose data obtained without restriction from any source, including the applicant."

Further, to protect such data, each page containing such data shall be specifically identified and marked, including each line or paragraph containing the data to be protected with a legend similar to the following:

Use or disclosure of the data set forth above is subject to the restriction on the cover page of this application.

It should be noted, however, that data bearing the aforementioned legend may be subject to release under the provisions of the Freedom of Information Act (FOIA), if DOE or a court determines that the material so marked is not exempt under the FOIA. The Government assumes no liability for disclosure or use of unmarked data and may use or disclose such data for any purpose. Applicants are hereby notified that DOE intends to make all applications submitted available to non-Government personnel for the sole purpose of assisting the DOE in its evaluation of the applications. These individuals will be required to protect the confidentiality of any specifically identified information obtained as a result of their participation in the evaluation.

Proposer must submit with each application a brief nonproprietary (maximum two page) summary of the proposed project including anticipated benefits for release to the public (Part 1.5 of Executive Summary).

b. Budget

A budget period is an interval of time (usually 12 months) into which the project period is divided for funding and reporting purposes. Project period means the total approved period of time that DOE will provide support contingent upon satisfactory progress and availability of funds. The project period may be divided into several budget periods. The project period shall not exceed two years. Each application must contain Standard Forms 424 and 424A. The budget summary page only needs to be completed for the first budget period; all other periods of support requested should be shown on the total costs page. The application should contain full details of the costs regarding the labor, overhead, material,

travel, subcontracts, consultants, and other support costs broken down by task and by year. Every cost item should be justifiable and further details of the costs may be required if the application is selected for the award. It is essential that requested details be submitted in a timely manner for the actual award. Items of needed equipment should be individually listed by description and estimated cost, inclusive of tax, and adequately justified. The destination and purpose of budgeted travel and its relation to the research, should be specified. Anticipated consultant services should be justified and information furnished on each individual's expertise, primary organizational affiliation, daily compensation rate and number of days of expected service. Consultant's travel costs should be listed separately under travel in the budget.

c. Cost Proposal

In the event there are multiple projects proposed in a submittal, a separate cost proposal should be included for each project proposed for funding. The cost proposal should have sufficient detail that an independent evaluation of the labor, materials, equipment and other costs as well as a verification of the proposed cost share can be performed.

B. Notices to Applicants

a. False Statements

Applications must set forth full, accurate, and complete information as required by this solicitation. The penalty for making false statements is prescribed in 18 U.S.C. 1001.

b. Application Clarification

DOE reserves the right to require applications to be clarified or supplemented to the extent considered necessary either through additional written submissions or oral presentations.

c. Amendments

All amendments to this solicitation will be mailed to recipients who submit a written request for the DOE Application Instruction package.

d. Applicant's Past Performance

DOE reserves the right to solicit from available sources relevant information concerning an applicant's past performance and may consider such information in its evaluation.

e. Commitment of Public Funds

The Contracting Officer is the only individual who can legally commit the Government to the expenditure of

public funds in connection with the proposed award. Any other commitment, either explicit or implied, is invalid.

f. Effective Period of Application

All applications should remain in effect for at least 180 days from the closing date.

g. Availability of Funds

The actual amount of funds to be obligated in each fiscal year will be subject to availability of funds appropriated by Congress. DOE reserves the right to fund in whole or in part, any, all or none of the applications submitted in response to this solicitation.

h. Assurances and Certifications

DOE requires the submission of preaward assurances of compliance and certifications which are mandated by law. Prospective applicants intending to submit an application in response to this solicitation should request a DOE Application Instruction package, which includes standard forms, assurances and certifications, by notifying the DOE Contract Specialist. It is advised that prospective applicants submit their requests in writing no later than July 13, 1995.

i. Questions & Answers

Questions regarding this solicitation should be submitted in writing to the DOE Contract Specialist no later than July 17, 1995. Questions and answers will be issued in writing as an amendment to this solicitation.

j. Preaward Costs

The government is not liable for any costs incurred in preparation of an application. Awardees may incur preaward costs up to ninety (90) days prior to the effective date of award. Should the awardee take such action, it is done so at the awardee's risk and does not impose any obligation on the DOE to issue an award (10 CFR 600.103)

k. Patents, Data, and Copyrights

Applicants are advised that patents, data, and copyrights will be treated in accordance with 10 CFR 600.33.

l. Environmental Impact

An applicant environmental checklist will be provided in the DOE Application Instruction package. Award will not be made until all environmental requirements are completed.

m. EPACT

Applicants shall be required to comply with Section 2306 of the Energy

Policy Act of 1992 (EPACT) [42 U.S.C. 13525], in the event EPACT applies to financial assistance instruments issued as a result of this solicitation. A copy of Section 2306 will be included in the DOE Application Instruction package.

Procurement Request Number: 07-95ID13375.000.

Dated: June 9, 1995.

R. Jeffrey Hoyles,

Director, Procurement Services Division.

[FR Doc. 95-15546 Filed 6-23-95; 8:45 am]

BILLING CODE 6450-01-P

Office of Fossil Energy

[FE Docket No. 95-41-NG]

Crestar Energy Marketing Corp.; Order Granting Blanket Authorization To Import and Export Natural Gas From and To Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Crestar Energy Marketing Corp. authorization to import and export up to a combined total of 50 Bcf of natural gas from and to Canada over a two-year term beginning on the date of the first import or export after July 12, 1995.

This order is available for inspection and copying in the Office of Fuels Programs Docket Room, 3F-056, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9478. The docket room is open between the hours of 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, June 13, 1995.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 95-15543 Filed 6-23-95; 8:45 am]

BILLING CODE 6450-01-P

[FE Docket No. 95-45-NG]

Pan-Alberta Gas (U.S.) Inc., Order Granting Blanket Authorization To Import Natural Gas From Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Pan-Alberta Gas (U.S.) Inc. authorization to

import up to 730 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery after July 3, 1995.

This order is available for inspection and copying in the Office of Fuels Programs Docket Room, 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, (202) 586-9478. The docket room is open between the hours of 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., June 13, 1995.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 95-15544 Filed 6-23-95; 8:45 am]

BILLING CODE 6450-01-P

Federal Energy Regulatory Commission

[Docket No. CP95-565-000]

Equitrans, Inc.; Notice of Application

June 20, 1995.

Take notice that on June 15, 1995, Equitrans, Inc. (Equitrans), 3500 Park Lane, Pittsburgh, Pennsylvania 15275, filed in Docket No. CP95-500-000 an application pursuant to Section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing Equitrans to recover the costs associated with implementing a new technology for decreasing the investment in cushioning storage reservoirs by replacing the natural gas serving as cushion gas in Equitrans' Shirley reservoir in Tyler and Doddridge Counties, West Virginia with nitrogen, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Equitrans proposes to inject up to 300 Mmcf of nitrogen into the existing Shirley storage reservoir, but states that the reservoir will not be physically enlarged. According to Equitrans, less of the natural gas will need to remain in the reservoir to maintain the working capacity and deliverability of the reservoir, and the former cushion gas replaced with nitrogen will thereby be available for withdrawal, sale and public consumption. Equitrans proposes that the cushion natural gas withdrawn will be replaced by nitrogen at a lower cost to Equitrans' ratepayers.

In order to execute this procedure Equitrans state that it will contract with a third party to install temporary facilities at the surface of the Shirley reservoir to produce the nitrogen needed for injection. The nitrogen

generation facilities will be installed and removed by the provider. It is stated that the cost of constructing these facilities will be included in the unit cost of nitrogen which will be purchased by Equitrans at the point of injection. Equitrans states that the wells that will be used in this project are owned and operated by an independent producer of natural gas. It is stated that these wells were dually completed to allow access by Equitrans to the storage formation. Under an existing operating and farmout agreement between Equitrans and the producer, Equitrans states that it will withdraw cushion natural gas from the storage reservoir for one year prior to injecting nitrogen. Equitrans proposes to commence nitrogen injection in late 1996 or early 1997.

Equitrans states that the natural gas that will be replaced as cushion gas by nitrogen under this proposal is currently reflected in Equitrans' ratebase at \$1.10 per Mcf. Upon the sale of the natural gas that no longer needs to remain in the reservoir as cushion rates, Equitrans proposes to credit its "Account 117, Gas stored underground—noncurrent" by the amount that the gas is currently reflected in the rate base. Equitrans states that it will correspondingly debit the appropriate rate base account for the lower cost of the nitrogen. Equitrans contends that this rate base reduction will be included in rate base accounts chargeable to Equitrans' jurisdictional customers. It is stated that the cost of service impact of this rate base reduction will be included in Equitrans' next general Section 4(e) rate filing to be made in August of 1997, and will provide customers with rate benefits while maintaining the same level and reliability of storage service.

Equitrans further requests that the certificate issued herein provides that in the event of project failure, Equitrans be guaranteed recovery of the current book value of its Shirley facilities, together with a return on its investment in these facilities. Equitrans states that this regulatory protection is consistent with the Commission's treatment of the coal gasification projects undertaken in the 1970s.

Equitrans states that its proposal to offer its Shirley reservoir as a demonstration site will culminate the effort begun by the Gas Research Institute (GRI) in 1985 that has involved a variety of industry participants. It is stated that the potential benefits to the public of this project are significant, given the readily transferable nature of the technology to Equitrans' other storage reservoirs and to other storage operators in the industry.