

DME instead of the Sausalito VORTAC. This action would enhance safety while accommodating the concerns of the airspace users.

DATES: Comments must be received on or before August 23, 1995.

ADDRESSES: Send comments on the proposal in triplicate to: Manager, Air Traffic Division, AWP-500, Docket No. 95-AWP-6, Federal Aviation Administration, P. O. Box 92007, Worldway Postal Center, Los Angeles, CA 90009.

The official docket may be examined in the Rules Docket, Office of the Chief Counsel, Room 916, 800 Independence Avenue, SW., Washington, DC, weekdays, except Federal holidays, between 8:30 a.m. and 5:00 p.m.

An informal docket may also be examined during normal business hours at the office of the Regional Air Traffic Division.

FOR FURTHER INFORMATION CONTACT: Norman W. Thomas, Airspace and Obstruction Evaluation Branch (ATP-240), Airspace-Rules and Aeronautical Information Division, Air Traffic Rules and Procedures Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone: (202) 267-9230.

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, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number 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. 95-AWP-6." The postcard will be date/time stamped and returned to the commenter. All communications received on or 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 light of comments received. All comments

submitted will be available for examination in the Rules Docket 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 Inquiry Center, APA-220, 800 Independence Avenue SW., Washington, DC 20591, or by calling (202) 267-3485. 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. 11-2A, which describes the application procedure.

The Proposal

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to alter VOR Federal Airway V-485 from the Priest, CA, VORTAC to the San Jose, CA, VOR/DME. This action would collocate V-485 with the San Jose VOR/DME Runway 30L approach and utilize the San Jose VOR/DME instead of the Sausalito VORTAC. This action would enhance safety while accommodating the concerns of the airspace users. Domestic VOR Federal airways are published in paragraph 6010(a) of FAA Order 7400.9B dated July 18, 1994, and effective September 16, 1994, which is incorporated by reference in 14 CFR 71.1. The airway listed in this document would be published subsequently in the Order.

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 "significant regulatory action" under Executive Order 12866; (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

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 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. 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 49 U.S.C. 106(g); 14 CFR 11.69.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9B, Airspace Designations and Reporting Points, dated July 18, 1994, and effective September 16, 1994, is amended as follows:

Paragraph 6010(a)—Domestic VOR Federal Airways

* * * * *

V-485 [Revised]

From Ventura, CA; Fellows, CA; Priest, CA; to San Jose, CA. The airspace within W-289, the airspace within R-2519 more than 3-statute miles W of the airway centerline and the airspace within R-2519 below 5,000 feet MSL is excluded.

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Issued in Washington, DC, on July 6, 1995.

Nancy B. Kalinowski,

Acting Manager, Airspace-Rules and Aeronautical Information Division.

[FR Doc. 95-17586 Filed 7-17-95; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 35

[Docket Nos. RM95-8-000 and RM94-7-001]

Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities; Notice of Intent to Prepare an Environmental Impact Statement for the Notice of Proposed Rulemaking and Request for Comments on Environmental Issues

July 12, 1995.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Notice of intent to prepare an environmental impact statement for the notice of proposed rulemaking and request for comments on environmental issues.

SUMMARY: The Federal Energy Regulatory Commission (Commission) has directed staff to prepare an environmental impact statement to assess the environmental impacts of the proposed rule "Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities/Recovery of Stranded Costs by Public Utilities and Transmitting Utilities".¹ The notice requests commenters to send relevant information that will assist the Commission in conducting an accurate and thorough analysis of the potential impacts of the proposed rule. The notice also provides for a public scoping meeting.

DATES: Scoping comments are due on or before August 11, 1995; the public scoping meeting will be held on September 8, 1995.

FOR FURTHER INFORMATION CONTACT:

William Meroney, Office of Economic Policy, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, Telephone: (202) 208-1069, Fax: (202) 208-1010

Leon Lowry, Office of Electric Power Regulation, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, Telephone: (202) 208-0919, Fax: (202) 208-0180

ADDRESSES: Comments should be filed with the Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426; the scoping meeting will be held in Hearing Room 1, 810 First St., N.E., Washington, D.C.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document in the **Federal Register**, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in Room 3401, at 941 North Capitol Street, N.E., Washington, D.C. 20426.

The Commission Issuance Posting System (CIPS), an electronic bulletin board service, provides access to the texts of formal documents issued by the Commission. CIPS is available at no charge to the user and may be accessed using a personal computer with a modem by dialing (202) 208-1397. To access CIPS, set your communications

software to 19200, 14400, 12000, 9600, 7200, 4800, 2400, or 1200, full duplex, no parity, 8 data bits and 1 stop bit. The full text of this document will be available on CIPS for 60 days from the date of issuance in ASCII and WordPerfect 5.1 format. After 60 days the document will be archived, but still accessible. The complete text on diskette in WordPerfect format may also be purchased from the Commission's copy contractor, La Dorn Systems Corporation, also located in Room 3104, 941 North Capitol Street, N.E., Washington, D.C. 20426.

SUPPLEMENTARY INFORMATION: The Commission has directed staff to prepare an environmental impact statement (EIS) to assess the environmental impacts of the proposed rule "Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities/Recovery of Stranded Costs by Public Utilities and Transmitting Utilities". In general, the proposed rule would require all public utilities owning or controlling facilities used for transmitting electric energy in interstate commerce to file non-discriminatory, open access wholesale transmission tariffs and to take transmission service (including ancillary services) for their own wholesale sales and purchases of electric energy under the open access tariffs. In addition, the proposed rule would allow public utilities to recover legitimate and verifiable stranded costs associated with transmission access. The EIS will satisfy the requirements of the National Environmental Policy Act of 1969 (NEPA).

Introduction

The Commission's goal in the proposed rule is to encourage lower electricity rates by reducing impediments to wholesale transmission access and to promote the development of competitive bulk power markets. A key to competitive bulk power markets is the availability of transmission services on an open and non-discriminatory basis. Transmission is the vital link between buyers and sellers of electricity. All traders of bulk power must have equal access to the transmission grid if the Nation is to achieve the benefits of robust, competitive power markets. Market power over transmission service is the single greatest impediment to such competition. Limitations on transmission access by transmission owners is preventing efficient trading from taking place, resulting in

consumers paying unnecessarily high electricity prices.

The Commission intends to manage the transition to competition in an orderly fashion. Moving to competitive power markets will change long-standing commercial and regulatory relationships. Utilities have invested billions of dollars to meet their existing obligations. These investments have been made under a regulatory compact whereby utility shareholders expect to recover prudently incurred costs. Competition may render some of these prudent investments uneconomic. The Commission believes that past contractual and regulatory practices must be recognized and past investment decisions made under a regulatory compact should be honored in the interim during the transition to competition.

Proposed Action and Principal Alternative

Two cases are proposed to be examined. The proposed rule includes a generic requirement for public utilities to provide open access non-discriminatory transmission service, and a framework to govern recovery of stranded costs. The alternative case involves the Commission pursuing similar policies on transmission access and stranded cost recovery, but through a case-by-case approach. The discussion below will serve as the basis for preparing the EIS. Comments are solicited on specific analytic elements of the outlined study. The proposed rule is described below along with the principal alternative to the rule. This is followed by a discussion of a study to assess the environmental impacts of the proposed rule and the alternative.

Proposed Rule

The Commission seeks to achieve increased economic efficiency in wholesale power markets through competition and to allow recovery of prudently incurred costs stranded by the use of transmission access. Increased efficiency is promoted through the requirement that all public utilities file non-discriminatory, open access transmission tariffs to make transmission service available to all wholesale market participants. The Commission intends to require all public utilities to take transmission service for their own wholesale power transactions under this tariff. Recovery of transition costs is addressed by proposing that public utilities be allowed to recover prudent, legitimate, and verifiable stranded costs and to assign directly such costs to certain departing wholesale customers.

¹ 60 FR 17662, Apr. 7, 1995.

Through the combination of open access and stranded cost policies, the Commission intends to provide a smooth transition period that takes the electricity industry from traditional regulation of localized wholesale power transactions to competitive power markets that have a regional, or perhaps national, scope. The Commission does not expect that power markets will become competitive overnight. How rapidly competition evolves will be determined, in part, by the markets themselves. The Commission cannot dictate such progress—it can only accommodate the needed changes. Consequently, the Commission believes that progress toward efficient power trading will not happen all at once and that any environmental consequences of changed trading patterns will occur at a corresponding pace.

The Commission's proposed rule will not unilaterally bring competition to an industry where it otherwise would be absent. Rather, the proposed rule will hasten and rationalize the progress toward competitive power markets already under way. Congress endorsed competition in wholesale power markets in the Energy Policy Act of 1992 (EPAct). To some extent, evolving competition is being accommodated under the Commission's authority to order transmission service under Section 211 of the Federal Power Act as modified by EPAct, and under case-by-case exercise of the Commission's authority under section 205 of the FPA to ensure that rates, terms and conditions of service are not unduly discriminatory. The proposed rule is intended to make this transition in a more consistent and non-discriminatory manner than would be possible under a case-by-case application of our authority under Section 211 or other provisions of the Federal Power Act. In addition, power markets are becoming more competitive through actions of customers desiring cheaper power. These factors must be considered when examining the environmental consequences of the proposed rule.

The proposed rule has the potential to increase the availability, diversity, and competitiveness of power. The potential benefits include:

- Reducing the cost of electricity to consumers by promoting access of buyers and sellers to one another;
- Promoting the efficient use of facilities and resources by electric utilities;
- Avoiding wasteful investments under the current system of regulation of generation; and
- Providing a number of indirect benefits, such as reducing

administrative burdens and costly litigation.

Principal Alternative

The principal alternative to the proposed rule is that of no-action, i.e., case-by-case implementation by the Commission. That is, the Commission could choose not to address generically the issues raised in the proposed rule. Under this alternative, transmission users would seek transmission access under section 211 or through open access tariffs filed under Section 205. The resulting patchwork of transmission service conditions could inhibit the development of regional bulk power markets. And under this alternative, the Commission would consider whether to allow public utilities to recover stranded costs on a case-by-case basis, should they seek such recovery. Compared to a generic rule on stranded cost recovery, this could increase uncertainty for market participants.

Proposed Study and Analytic Issues

The basic approach of the analysis will be to postulate likely market responses to the proposed rule and then to analyze the resulting effects on utility decisionmaking, institutions, and the environment. The results of the analysis will be used to assess the economic and environmental impacts of the proposed rule. The analysis will have a national scope—but with significant regional detail—to assess potential environmental impacts of the proposed rule.

The principal effect of the proposed rule could be to change historical patterns of wholesale electricity trade in the United States. Buyers and sellers of bulk power will have expanded opportunities to trade with market participants that were previously not available because of a lack of transmission access. In the near term, the proposed rule may cause changes in the dispatch and operation of generators. Some regions may experience changes in fuel use. This would have certain economic consequences, as well as certain environmental consequences. In the long term, a different pattern of newly constructed generation plants and transmission lines may emerge as a result of the proposed rule.

The analysis will assess the consequences of the proposed rule in two main areas:

- Socioeconomic impacts.
- Environmental impacts of changes in fuel mix of power generation (coal, oil, gas, nuclear, wind, solar, etc.).

Potentially, the most significant of the impacts will be the level, type, and

location of air emissions. Selected regions will be identified to indicate the types of changes in environmental risks attributable to the proposed rule. The analysis would be designed to assess the environmental impacts of the kinds of fuel mix changes that might result from more open generating markets.

Limits on the Analysis

We do not plan to address site-specific impacts such as cultural resources, noise levels, geology and soils, EMF effects or specific terrestrial or aesthetic resource issues. It is impossible to identify the location of individual powerplants or transmission lines that might be built as a consequence of the proposed rule. Moreover, any site-specific issues associated with siting such facilities will be subject to required environmental reviews by state and local agencies. The siting issues are not within the Commission's jurisdiction and thus are excluded from the analysis. However, if commenters believe that such impacts are identifiable and significant, the Commission requests specific information that would aid in the evaluation of such impacts.

The EIS Scoping Process

NEPA requires the Commission to review and address concerns the public may have about proposals that could result from a major Federal action having a potential for significant impact on the quality of the human environment. The main goal of issuing this "scoping" document is to focus the analysis in the EIS on the important issues, and to separate those issues that are insignificant and do not require detailed study.

The EIS will discuss impacts that could occur as a result of implementing the proposed rule. The Commission requests comments on the environmental impacts that may result from implementing the proposed rule. If commenters believe mitigation is necessary, commenters should recommend specific mitigation to lessen or avoid impacts.

Preparation of the EIS

Our independent analysis of the issues will result in the publication of a Draft EIS which will be mailed to federal, state and local resource agencies, industry, other interested groups and individuals, and the Commission's official service list for these proceedings.

A 45-day comment period will be provided for reviewing the Draft EIS. We will consider all comments on the Draft EIS and revise the document, as

necessary, before issuing a Final EIS. The Final EIS will include our response to each comment received. We expect the Final EIS to be completed by March 1996.

Public Participation and Scoping Meeting

All commenters should send relevant information that will assist us in conducting an accurate and thorough analysis of the potential environmental impacts of the proposed rule. You should comment on the identified environmental issues, the potential environmental effects and alternatives of the proposed rule, and measures to avoid or lessen environmental impact. The more specific your comments, the more useful they will be.

Please file your comment letter and only relevant studies or reports as noted below. In addition, commenters are requested to submit a copy of their comments on a 3½ inch diskette formatted for MS-DOS based computers. In light of our ability to translate MS-DOS based materials, the text need only be submitted in the format and version that it was generated (*i.e.*, MS Word, WordPerfect, ASCII, etc.). It is not necessary to reformat word processor generated text to ASCII. For Macintosh users, it would be helpful to save the documents in Macintosh word processor format and then write them to files on a diskette formatted for MS-DOS machines. All comments should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, and should refer to Docket Nos. RM95-8-000 and RM94-7-001.

- Send a copy of the letter to the following individuals:

William Meroney, Office of Economic Policy, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, Telephone: (202) 208-1069, Fax: (202) 208-1010

Leon Lowery, Office of Electric Power Regulation, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, Telephone: (202) 208-0919, Fax: (202) 208-0180

- Scoping comments must be received no later than August 11, 1995.

In addition to asking for written comments, we invite you to attend our public scoping meeting. This meeting will be held at 10:00 am, Friday, September 8, 1995 in Hearing Room 1, 810 First Street, N.E., Washington, D.C.

The public meeting will provide another opportunity to offer scoping

comments. Those wanting to speak at the meeting can call the EIS Project Manager, William Meroney, to pre-register their names on the speaker list. Only those people on the speaker list prior to the date of the meeting will speak. Priority will be given to people representing groups. A transcript of the meeting will be made to accurately record your comments.

Environmental Mailing List

If you do not want to send comments at this time but still want to receive copies of the Draft and Final EIS, please return the Information Request (see appendix 1²) to either William Meroney or Leon Lowery by mail or fax. If you do not return the Information Request, you will be taken off the mailing list.

Lois D. Cashell,

Secretary.

[FR Doc. 95-17523 Filed 7-17-95; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[CO-24-95]

RIN 1545-AT51

Consolidated Groups—Intercompany Transactions and Related Rules

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that provide rules for disallowing loss and excluding gain for certain dispositions and other transactions involving stock of the common parent of a consolidated group. The text of those temporary regulations also serves as the text of these proposed regulations. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written comments must be received by October 16, 1995. Outlines of topics to be discussed at the public hearing scheduled for November 16, 1995 must be received by October 26, 1995.

ADDRESSES: Send submissions to: CC:DOM:CORP:T:R (CO-24-95), room

²This appendix is not being published in the **Federal Register**, but is available from the Commission's Public Reference Room.

5228, Internal Revenue Service, P.O.B. 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:T:R (CO-24-95), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. The hearing will be held in the IRS Auditorium, 1111 Constitution Avenue, NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Victor Penico, (202) 622-7750; concerning submissions and the hearing, Christina Vazquez, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to section 1502. The temporary regulations provide rules for disallowing loss and excluding gain for certain dispositions and other transactions involving stock of the common parent of a consolidated group.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

Special Analysis

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled for November 16, 1995 at 10 a.m., in the