section, when the State plans to acquire APD equipment or services with proposed FFP at the enhanced matching rate authorized by 45 CFR 205.35, 45 CFR part 307 or 42 CFR part 433, subpart C, regardless of the acquisition cost.

(3) A State shall obtain prior written approval from the Department of its justification for a sole source acquisition, when it plans to acquire noncompetitively from a nongovernmental source APD equipment or services, with proposed FFP at the regular matching rate, that has a total State and Federal acquisition cost of more than $1,000,000 but no more than $5,000,000. Noncompetitive acquisitions of more than $5,000,000 are subject to the provisions of paragraph (b) of this section.

(4) Except as provided for in paragraph (a)(5) of this section, the State shall submit requests for Department approval, signed by the appropriate State official, to the Director, Administration for Children and Families, Office of Information Management Systems. The State shall send to ACF one copy of the request for each HHS component, from which the State is requesting funding, and one for the State Data Systems Staff, the coordinating staff for these requests. The State must also send one copy of the request directly to each Regional program component and one copy to the Regional Director.

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(b) * * *

(1) * * *

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(iii) For the Request for Proposal and Contract, unless specifically exempted by the Department, prior to release of the RFP or prior to the execution of the contract when the contract is anticipated to or will exceed $5,000,000 for competitive procurement and $1,000,000 for noncompetitive acquisitions from nongovernmental sources. States will be required to submit RFPs and contracts under these threshold amounts on an exception basis or if the procurement strategy is not adequately described and justified in an APD.

(iv) For contract amendments, unless specifically exempted by the Department, prior to execution of the contract amendment involving contract cost increases exceeding $1,000,000 or contract time extensions of more than 120 days. States will be required to submit contract amendments under these threshold amounts on an exception basis or if the contract amendment is not adequately described and justified in an APD.

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(c) * * *

(1) * * *

(i) For an annual APDU for projects with a total acquisition cost of more than $5,000,000, when specifically required by the Department.

(ii) For an ''As Needed APDU'' when changes cause any of the following:

(A) A projected cost increase of $1,000,000 or more.

* * * * *

(d) *Prompt action on requests for prior approval*. The ACF will promptly send to the approving components the items specified in paragraph (b) of this section. If the Department has not provided written approval, disapproval, or a request for information within 60 days of the date of the Departmental letter acknowledging receipt of a State's request, the request will automatically be deemed to have provisionally met the prior approval conditions of paragraph (b) of this section.

3. Section 95.621 is amended by revising paragraph (f)(6) to read as follows:

§ 95.621 APD reviews.

* * * * *

(f) * * *

(6) The State agency shall maintain reports of their biennial APD system security reviews, together with pertinent supporting documentation, for HHS on-site review.

[FR Doc. 95–18070 Filed 7–21–95; 8:45 am]

BILLING CODE 4184–01–M

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 531

[Docket No. 95–51; Notice 1]

Passenger Automobile Average Fuel Economy Standards; Proposed Decision To Grant Exemption

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Proposed decision.

SUMMARY: This proposed decision responds to a petition filed by Rolls-Royce Motors, Ltd. (Rolls-Royce) requesting that it be exempted from the generally applicable average fuel economy standard of 27.5 miles per gallon (mpg) for model year 1997, and that a lower alternative standard be established. In this document, NHTSA proposes that the requested exemption be granted and that an alternative standard of 15.1 mpg be established for MY 1997 for Rolls-Royce.

DATES: Comments on this proposed decision must be received on or before September 7, 1995.

ADDRESSES: Comments on this proposal must refer to the docket number and notice number in the heading of this notice and be submitted, preferably in ten copies, to: Docket Section, Room 5109, National Highway Traffic Safety Administration, 400 Seventh Street, S.W., Washington, DC 20590. Docket hours are 9:30 a.m. to 4 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Mr. Orron Kee, Office of Market Incentives, NHTSA, 400 Seventh Street, SW, Washington, DC 20590. Mr. Kee's telephone number is: (202) 366–0846.

SUPPLEMENTARY INFORMATION:

Statutory Background

Pursuant to 49 U.S.C. section 32902(d), NHTSA may exempt a low volume manufacturer of passenger automobiles from the generally applicable average fuel economy standards if NHTSA concludes that those standards are more stringent than the maximum feasible average fuel economy for that manufacturer and if NHTSA establishes an alternative standard for that manufacturer at its maximum feasible level. Under the statute, a low volume manufacturer is one that manufactured (worldwide) fewer than 10,000 passenger automobiles in the second model year before the model year for which the exemption is sought (the affected model year) and that will manufacture fewer than 10,000 passenger automobiles in the affected model year. In determining the maximum feasible average fuel economy, the agency is required under 49 U.S.C. 32902(f) to consider:

(1) Technological feasibility

(2) Economic practicability

(3) The effect of other Federal motor vehicle standards on fuel economy, and

(4) The need of the Nation to conserve energy.

The statute at 49 U.S.C. 32902(d)(2) permits NHTSA to establish alternative average fuel economy standards applicable to exempted low volume manufacturers in one of three ways: (1) A separate standard for each exempted manufacturer; (2) a separate average fuel economy standard applicable to each class of exempted automobiles (classes would be based on design, size, price, or other factors); or (3) a single standard for all exempted manufacturers.

Background Information on Rolls-Royce

Rolls-Royce is a small company concentrating wholly on the production of high quality, prestigious cars. Rolls-Royce markets cars under the Bentley and Rolls-Royce nameplates and currently seeks an exemption for both Bentley and Rolls-Royce cars. The annual production rate for these cars is approximately 1,600 automobiles, of which one-third are sold in the United States. The corporate philosophy concentrates on this limited production as the only way to maintain their reputation for producing what is widely perceived as the best car in the world. It believes that its customers will continue to demand substantial cars, craftsman-built, using traditional materials and equipped to the highest standards. Rolls-Royce operates as an independent unit within the Vickers group of companies and is required to generate its own financial resources. The limited financial resources of this small company and its market position preclude Rolls-Royce from improving fuel economy by any means involving significant changes to the basic concept of a Rolls-Royce car.

Fuel economy improvements are particularly difficult in the short run. Rolls-Royce manufactures its own engine and bodies and is a very low volume manufacturer. Because of this integration of component manufacturing and low volume, model changes are much less frequent than with larger manufacturers. Rolls-Royce may manufacture a body shell for fifteen years before making a major change. The opportunities for improving fuel economy through changing the model mix are also quite limited as Rolls-Royce manufactures only one basic model in different configurations and all have similarly low fuel economy.

Roll's Royce's ability to make long term fuel economy improvements is also very limited. Any change in the basic concept of its cars to reduce size or downgrade the specifications would not, according to the petitioner, be acceptable to its customers.

Nevertheless, Rolls-Royce states that it is making every effort to achieve the lowest possible fuel consumption consistent with meeting emission, safety, and other standards while maintaining customer expectations of its product. In the 17-year period from 1978, when Federal fuel economy standards were introduced, Rolls-Royce has achieved a fuel economy improvement of approximately 30 percent by substituting lighter weight components and tuning its powertrain while leaving basic features of the vehicles unchanged.

Rolls-Royce states that technical innovation and switching to lighter weight materials should result in worthwhile improvements in its vehicles. The company believes that it has been conscious of the need for weight saving for many years, and since the introduction of the Silver Shadow, has made many parts of aluminum. These include the engine block and cylinder heads, transmission and axle casings, doors, hood and deck lid.

In addition to discussing opportunities for weight reduction, Rolls-Royce also included in its petition discussions of improving its fuel economy through mix shifts, engine improvements, and drive train and transmission improvements.

Rolls-Royce's Petition

On November 30, 1994, Rolls-Royce petitioned NHTSA for an exemption from the average fuel economy standards for vehicles to be manufactured by Rolls-Royce in model year (MY) 1997. A number of petitions have been filed by Rolls-Royce covering all model years from 1978. The last was submitted October 1992, which resulted in Rolls-Royce being granted an exemption from the generally applicable fuel economy standard for MYs 1995 through 1996.

Methodology Used to Project Maximum Feasible Average Fuel

Economy Level for Rolls-Royce

Baseline Fuel Economy

To project the level of fuel economy which could be achieved by Rolls-Royce in MY 1997, the agency considered whether there were technical or other improvements that would be feasible for these Rolls-Royce vehicles, whether or not the company currently plans to incorporate such improvements in those vehicles. The agency reviewed the technological feasibility of any changes and their economic practicability.

NHTSA interprets ''technological feasibility '' as meaning that technology which would be available to Rolls-Royce for use on its MY 1997 automobiles, and which would improve the fuel economy of those automobiles. The areas examined for technologically feasible improvements were weight reduction, engine improvements, and drive line improvements.

The agency interprets ''economic practicability'' as meaning the financial capability of the manufacturer to improve its average fuel economy by incorporating technologically feasible changes to its MY 1997 automobiles. In assessing that capability, the agency has always considered market demand since it is an implicit part of the concept of economic practicability. Consumers need not purchase what they do not want.

In accordance with the concerns of economic practicability, NHTSA has considered only those improvements which would be compatible with the basic design concepts of Rolls-Royce automobiles. NHTSA assumes that Rolls-Royce will continue to produce a five-passenger luxury car. Hence, design changes that would make the cars unsuitable for five adult passengers with luggage or would remove items traditionally offered on luxury cars, such as air conditioning, automatic transmission, power steering, and power windows, were not examined. Such changes to the basic design could be economically impracticable since they might well significantly reduce the demand for these automobiles, thereby reducing sales and causing significant economic injury to the low volume manufacturer.

Mix Shift

Rolls-Royce has little opportunity for improving fuel economy by changing the model mix since it makes only one basic model in various configurations, all with similarly low fuel economy. The differences in fuel economy values among the different models available in MY 1997 will likewise be small. For the 1997 model year, Rolls-Royce and Bentley cars will fall into five fuel economy configurations, three from the naturally aspirated engine family and two from the turbocharged engine family with the range of curb weights from 5,360 lbs to 6,100 lbs. The differences in fuel economy values between the different models are small, and the models with the lower projected fuel economies have significantly lower projected volumes. The Rolls-Royce model mix is essentially fixed by the market demand, and variations in sales percentages between the models would produce negligible improvement in CAFE.

Weight Reduction

Rolls-Royce is conscious of the need to improve automotive fuel economy of its passenger vehicles. Work had begun to design a lighter and more fuel efficient model which included new features such as a lighter bodyshell, engine, transmission, suspension, and other components. However, the company's financial resources are limited compared to other manufacturers, therefore its plans had to be re-evaluated.

In addition, Rolls-Royce had to modify its passenger cars to accommodate a number of safety standards and environmental regulations which resulted in an increase in vehicle weight. A front passenger air bag was introduced to comply with the requirements of FMVSS No. 208 for passive restraints. The air conditioning system was substantially revised to enable the use of HC 134a refrigerant in place of the previously used CFC 12.

Rolls-Royce, being a small manufacturer of prestigious automobiles, cannot afford to change the design of its cars by downsizing since its customers desire traditional size cars.

Engine Improvements

The current petition from Rolls-Royce restates past efforts to improve fuel economy in addressing engine improvements. Past developmental activities include test and evaluation of various technologies applied to the Rolls-Royce engine. These included the Texaco Controlled Combustion system, the Honda Compound Vortex Controlled Combustion system, diesel engines, cylinder disablement, increased engine displacement (to reduce NO emissions and permit timing for improved fuel economy), the May ''Fireball'' combustion chamber, and overall downsizing of the engine and car incorporating all new features including bodyshell, engine, transmission, and suspension. Each of these approaches was discarded in turn as failing to provide a feasible option for simultaneously meeting fuel economy and emission requirements, and exacting customer expectations.

For MY 1994, Rolls-Royce introduced a package of engine and emission system improvements. The principal feature was a revised induction system incorporating a multi-point sequentially pulsed fuel injection system, and an advanced ignition system with an individual coil for each cylinder. Both systems are controlled by a central engine management microprocessor. The fuel injection system improves control and precision of fuel metering for improved emission control and fuel economy during warm-up. The ignition system improvements anticipate regulatory requirements for emission control diagnostics.

Transmission and Drive Train Improvements

Rolls-Royce uses the General Motors 4L80–E four-speed automatic transmission with torque converter lockup clutch on all models beginning in MY 1992. Use of the fourth gear as an overdrive ratio has shown the capability of improving fuel economy by approximately 14 percent under highway driving conditions. The rear axle ratio was reduced on the Bentley Turbo R and Bentley Continental R, thereby improving the top gear engine-to-vehicle speed ratio from 28.5 rpm/mph to 24.9 rpm/mph. This improved the highway fuel economy of this model by about 5 percent.

Effect of Other Motor Vehicle Standards

The Rolls-Royce petition cites exhaust emission standards as having the greatest effect on fuel economy, and for this reason the company considers the fuel economy program to be an integral part of its emission control program. It states that, historically, emission standards have placed a severe strain on its limited technical resources; and only with the introduction of new emission control techniques such as oxidation and three way catalysts has the trend to higher fuel consumption been reversed.

As a small volume manufacturer, Rolls-Royce was not subject to the recently agreed upon stringent California emission standards until the 1995 model year. The more stringent Federal Clean Air Act Amendment standards will not apply until the 1996 model year.

Of the Federal regulations having an adverse effect on fuel economy, Rolls-Royce considers the most significant ones to be 49 CFR Part 581 (energy absorbing bumpers), FMVSS 214 (side intrusion beam in doors), and FMVSS 208 (passive restraints). The passive restraint systems (air bags) forced some models to move into the 6,000 lbs and 6,500 lbs inertia weight classes. The effect of these regulations increased vehicle weight despite efforts to reduce weight. Rolls-Royce is a small company and engineering resources are limited and priority must be given to meeting mandatory standards in order to remain in the marketplace. Conflict often exists between the priority of meeting standards and the need to remain competitive.

The Need of the Nation To Conserve Energy

The agency recognizes there is a need to conserve energy, to promote energy security, and to improve balance of payments. However, as stated above, NHTSA has tentatively determined that it is not technologically feasible or economically practicable for Rolls-Royce to achieve an average fuel economy in MY 1997 above 15.1 mpg. Granting an exemption to Rolls-Royce and setting an alternative standard at that level would result in only a negligible increase in fuel consumption and would not affect the need of the Nation to conserve energy. In fact, there would not be any increase since Rolls-Royce cannot attain those generally applicable standards. Nevertheless, for illustrative purposes the agency estimates that the additional fuel consumed by operating the MY 1997 fleet of Rolls-Royce vehicles at the company's projected CAFE of 15.1 mpg (compared to an hypothetical 27.5 mpg fleet) over 106,952 miles is 36,378 bbls. of fuel. This averages about 8.30 bbls. of fuel per day over the 12-year period that these cars will be an active part of the fleet. Obviously, this is insignificant compared to the daily fuel used by the entire motor vehicle fleet which amounts to some 4.90 million bbls. per day for passenger cars in the U.S. in 1993.

Maximum Feasible Average Fuel Economy for Rolls-Royce

This agency has tentatively concluded that it would not be technologically feasible and economically practicable for Rolls-Royce to improve the fuel economy of its MY 1997 automobiles above an average of 15.1 mpg, that compliance with other Federal automobile standards would not adversely affect achievable fuel economy beyond the amount already factored into Rolls-Royce's projections, and that the national effort to conserve energy would not be affected by granting the requested exemption and establishing an alternative standard. Consequently, the agency tentatively concludes that the maximum feasible average fuel economy for Rolls-Royce in MY 1997 is 15.1 mpg.

Proposed Level and Type of Alternative Standard

The agency proposes to exempt Rolls-Royce from the generally applicable standard of 27.5 mpg and to establish an alternative standard for Rolls-Royce for MY 1997 at its maximum feasible average fuel economy of 15.1 mpg. NHTSA tentatively concludes that it would be appropriate to establish a separate standard for Rolls-Royce for the following reasons. The agency has already received a petition and published a proposal (60 FR 31937, June 19, 1995) for an alternate standard for MedNet, Inc. for MY's 1996, 1997, and 1998 seeking an alternate standard for that company of 17.0 mpg. Therefore, the agency cannot use the second (class standards) or third (single standard for all exempted manufacturers) approaches for MY 1997.

Regulatory Impact Analyses

NHTSA has analyzed this proposal and determined that neither Executive Order 12866 nor the Department of Transportation's regulatory policies and procedures apply. Under Executive Order 12866, the proposal would not establish a ''rule,'' which is defined in the Executive Order as ''an agency statement of general applicability and future effect.'' The proposed exemption is not generally applicable, since it would apply only to Rolls-Royce, Inc., as discussed in this notice. Under DOT regulatory policies and procedures, the proposed exemption would not be a ''significant regulation.'' If the Executive Order and the Departmental policies and procedures were applicable, the agency would have determined that this proposed action is neither major nor significant. The principal impact of this proposal is that the exempted company would not be required to pay civil penalties if its maximum feasible average fuel economy were achieved, and purchasers of those vehicles would not have to bear the burden of those civil penalties in the form of higher prices. Since this proposal sets an alternative standard at the level determined to be Rolls-Royce's maximum feasible level for MY 1997, no fuel would be saved by establishing a higher alternative standard. NHTSA finds that because of the minuscule size of the Rolls-Royce fleet, that incremental usage of gasoline by Rolls-Royce's and customers would not affect the nation's need to conserve gasoline. There would not be any impacts for the public at large.

The agency has also considered the environmental implications of this proposed exemption in accordance with the National Environmental Policy Act and determined that this proposed exemption if adopted, would not significantly affect the human environment. Regardless of the fuel economy of the exempted vehicles, they must pass the emissions standards which measure the amount of emissions per mile traveled. Thus, the quality of the air is not affected by the proposed exemption and alternative standard. Further, since the exempted passenger automobiles cannot achieve better fuel economy than is proposed herein, granting this proposed exemption would not affect the amount of fuel used.

Interested persons are invited to submit comments on the proposed decision. It is requested but not required that 10 copies be submitted.

All comments must not exceed 15 pages in length (49 CFR 553.21). Necessary attachments may be appended to these submissions without regard to the 15 page limit. This limitation is intended to encourage commenters to detail their primary arguments in a concise fashion.

If a commenter wishes to submit certain information under a claim of confidentiality, three copies of the complete submission, including purportedly confidential business information, should be submitted to the Chief Counsel, NHTSA, at the street address given above, and seven copies from which the purportedly confidential business information has been deleted, should be submitted to the Docket Section. A request for confidentiality should be accompanied by a cover letter setting forth the information specified in the agency's confidential business information regulation. 49 CFR part 512.

All comments received before the close of business on the comment closing indicated above for the proposal will be considered, and will be available for examination in the docket at the above address both before and after that date. To the extent possible, comments filed under the closing date will also be considered. Comments received too late for consideration in regard to the final rule will be considered as suggestions for further rulemaking action. Comments on the proposal will be available for inspection in the docket. NHTSA will continue to file relevant information as it becomes available in the docket after the closing date, and it is recommended that interested persons continue to examine the docket for new material.

Those persons desiring to be notified upon receipt of their comments in the rules docket should enclose a self-addressed, stamped postcard in the envelope with their comments. Upon receiving the comments, the docket supervisor will return the postcard by mail.

List of Subjects in 49 CFR Part 531

Energy conservation, Gasoline, Imports, Motor vehicles.

In consideration of the foregoing, 49 CFR part 531 would be amended as follows:

PART 531—[AMENDED]

1. The authority citation for part 531 would be revised to read as follows:

Authority: 49 U.S.C. 32902; delegation of authority at 49 CFR 1.50.

§ 531.5 [Amended]

2. In section 531.5, the introductory text of paragraph (b) is republished for the convenience of the reader and paragraph (b)(2) would be revised to read as follows:

§ 531.5 Fuel economy standards.

* * * * *

(b) The following manufacturers shall comply with the standards indicated below for the specified model years:

* * * * *

(2) Rolls-Royce Motors, Inc.

Model year	Average fuel economy standard (miles per gallon)
1978	10.7
1979	10.8
1980	11.1
1981	10.7
1982	10.6
1983	9.9
1984	10.0
1985	10.0
1986	11.0
1987	11.2
1988	11.2
1989	11.2
1990	12.7
1991	12.7
1992	13.8
1993	13.8
1994	13.8
1995	14.6
1996	14.6
1997	15.1

* * * * *

Issued on: July 18, 1995.

Barry Felrice,

Associate Administrator for Safety Performance Standards.

[FR Doc. 95–18044 Filed 7–21–95; 8:45 am]

BILLING CODE 4910–59–P

49 CFR Part 571

[Docket No. 95–57; Notice 01]

RIN 2127–AF72

Air Brake Systems

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Request for comments.

SUMMARY: This notice requests comments about devices that remove water and other contaminants from air brake systems. These devices include automatic drain valves and air dryers. If it appears from the agency's analysis of the comments that such devices are a cost-effective method of improving heavy vehicle safety, the agency would issue a notice proposing to amend Standard No. 121, *Air brake systems,* to require such equipment.

DATES: Comments must be received by September 7, 1995.