the minor color differences of neck bone meat from AMR systems and hand-deboned neck meat. However, because the connective tissue structure of the internal portion of bone maintains the integrity of most of the bone's semi-solid and solid content, and this remains intact in AMR systems, most of the bone's content is not expressed when AMR systems are utilized. In contrast to this, a more physically rigorous process, e.g., the mechanical separation process yielding MS(S) that crushes, grinds, and pulverizes bones would, of course, destroy the internal bone structure and evenly distribute all the contents of the bone in an amorphous tissue mass.

Although FSIS does not currently know of any standardized methods to determine the presence of bone marrow in meat products, FSIS would like data that can help establish what constituents are unique to marrow that can be relied upon to indicate the presence of bone marrow in meat products. If such a standardized method could be established, FSIS would like comments on whether a compliance criterion regarding marrow should be established in regard to product derived from AMR systems. In this regard FSIS would like comments on the following questions. (1) Should an acceptable level of marrow be established for meat and product derived from AMR systems? If such a level was established, should the presizing operations of AMR systems be examined to determine if they contribute to the marrow content of product derived from AMR systems? (2) If the product derived from the AMR systems is determined to have an amount of marrow higher than that found in hand deboned meat, should such products be designated as MS(S) rather than meat? (3) Is it possible to establish criteria on the amount of marrow in product from AMR systems based on the degree to which bones emerging from the AMR systems are hollow?

FSIS Studies

In addition to requesting comments and data from the public, FSIS itself will also collect information on how AMR systems are currently performing.

The Agency is interested in collecting information regarding the recovery of tissue from bones by use of AMR systems, especially the recovery of tissue from split neck bones of beef. Compliance procedures for the AMR systems were designed to assure that bone, as measured by calcium content, was not intentionally incorporated into product. FSIS was aware that desinewing equipment was being used in conjunction with the AMR systems to remove hard particle tissues (e.g., bone fragments, ligaments, tendons, cartilage) inherent to boning operations. FSIS believed that AMR systems which were not being operated in compliance (i.e., which crushed, ground or pulverized bones) would be identified through the calcium check of the finished product. This conclusion was based on the view that desinewing equipment would not remove a significant amount of the powdered bone which would result from crushing, grinding, or pulverizing, and consequently the finished product would exceed the calcium limit. In an effort to assure that the desinewing equipment is not being used to remove excess powdered bone resulting from bone breakage, FSIS is taking steps to better identify what the desinewing equipment is removing. A sampling plan is being devised which will statistically establish the expected calcium content of a product derived from a properly operating AMR system, prior to and after desinewing.

In another study, FSIS will be identifying the expected range of calcium, cholesterol and iron contents, the pH level, and the texture and appearance of various products which qualify as ''meat.'' The Agency intends to involve the Agricultural Research Service (ARS) in this activity. Representatives from ARS were involved in the initial steps leading up to the development of the regulation. This study will assist FSIS in learning more about the issues concerning marrow in AMR products that have been raised.

Done at Washington, DC, on November 4, 1996.

Thomas J. Billy,

Administrator.

[FR Doc. 96–28768 Filed 11–5–96; 8:45 am]

BILLING CODE 3410–DM–P

DEPARTMENT OF ENERGY

Office of Energy Efficiency and Renewable Energy

10 CFR Part 430

[Docket No. EE–RM–94–230A]

Energy Conservation Program for Consumer Products: Test Procedure for Clothes Washers and Reporting Requirements for Clothes Washers, Clothes Dryers, and Dishwashers

AGENCY: Office of Energy Efficiency and Renewable Energy, DOE.

ACTION: Proposed rule; limited reopening of the comment period.

SUMMARY: Appendix J to subpart B of 10 CFR part 430 sets forth the test procedures required for testing whether clothes washers comply with the existing energy conservation standards. The Department of Energy (DOE or Department) has proposed to amend these test procedures. The purpose of this notice is to solicit comments on possible additional amendments which would require certain specific procedures for testing clothes washers with adaptive (machine controlled) water fill control capability, and clothes washers with non-traditional temperature selections.

DATES: Written comments in response to this notice must be received by November 25, 1996.

ADDRESSES: Written comments, 10 copies, are to be submitted to: U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, EE–43, Room 1J–018, ''Test Procedure for Clothes Washers and Reporting Requirements for Clothes Washers, Clothes Dryers, and Dishwashers,'' Docket No. EE–RM–94–230A, Forrestal Building, 1000 Independence Avenue, SW, Washington, DC 20585, (202)–586–7574.

Copies of the transcript of the public hearing and the public comments received on the proposed rule, may be read or photocopied at the Department of Energy Freedom of Information Reading Room, U.S. Department of Energy, Forrestal Building, Room 1E–190, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586–6020 between the hours of 9:00 a.m. and 4:00 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

P. Marc LaFrance, U.S. Department of Energy, Energy Efficiency and Renewable Energy, Mail Station EE–43, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585–0121, (202) 586–8423

Edward Levy, Esq., U.S. Department of Energy, Office of General Counsel, Mail Station GC–72, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586–9507

SUPPLEMENTARY INFORMATION:

I. Introduction
II. Discussion
A. Adaptive Water Fill Control
Manual and Adaptive Water Fill Control
Multiple Adaptive Water Fill Control Settings
B. Temperature Selections
Multiple Warm Wash Temperature Combination Selections
Multiple Temperature Settings within a Temperature Combination Selection

One and Two Temperature Combination Selections

I. Introduction

On March 23, 1995, the Department published a notice of proposed rulemaking to make several amendments to the clothes washer test procedure. 60 FR 15330 (hereafter referred to as the Notice of Proposed Rulemaking or NOPR). On July 12, 1995, a hearing on the proposed rule was held in Washington, DC.

The proposed amendments to the test procedure were based on the same factual foundation as the existing test procedure and energy conservation standards for clothes washers, so that the existing energy conservation standard would not have to be adjusted. The Department believes, however, that the existing test procedure currently overstates the average annual energy consumption for clothes washers because of changes in consumer habits since the current test procedure was adopted.[1] The Department had planned on initiating an additional clothes washer test procedure rulemaking, at a later date, which would take into account current consumer habits, and would be used as the basis for considering revision of the clothes washer energy conservation standards.[2]

In response to the NOPR, the Association of Home Appliance Manufacturers (AHAM) submitted comments asking DOE to adopt an additional new test procedure, based on current consumer habits, which would be used in considering revision of the clothes washer energy conservation standards, and would take effect when new standards take effect. On April 22, 1996, the Department proposed such a new clothes washer test procedure, Appendix J1, as well as certain additional revisions to the currently applicable test procedure in Appendix J to Subpart B of 10 CFR part 430. 61 FR 17589 (hereafter referred to as the Supplemental Notice of Proposed Rulemaking or Supplemental NOPR). The Department proposed to issue a final rule with two test procedures, to be codified in Appendices ''J'' and ''J1'' to subpart B of 10 CFR part 430. Appendix ''J'' would be a revision of the current test procedure, would be consistent with the existing standards, and would become effective 30 days after issuance of the final rule. Appendix ''J1'', generally based on AHAM's suggested test procedures, would be used in the analysis and review of possible revised efficiency standards, and would apply to any revised standards. Upon adoption of any revised standards, the Department would amend its regulations to replace Appendix ''J'' with Appendix ''J1.''

However, since the publication of the NOPR and the Supplemental NOPR, additional issues have arisen regarding the Appendix J test procedure. The purpose of today's notice is to obtain public comment on options the Department is considering for resolving these issues. These issues arose in the context of interim waivers from the DOE clothes washer test procedure granted by DOE with respect to clothes washer features that are not covered by the current test procedure. On April 6, 1996, the Department granted General Electric Appliances (GEA) an Interim Waiver (CW–004) for its[3] clothes washer that has multiple warm wash temperature selections, various temperature settings within each temperature selection, multiple adaptive water fill control settings, and a manual water fill control option. 61 FR 18129. On September 6, 1996, the Department granted GEA an Interim Waiver (CW–005) for its clothes washer that has only two wash/rinse temperature selections. 61 FR 47115. The Department is considering inclusion in the Appendix J test procedure of test provisions that address these features, and solicits comments only on the issues of whether and how such features should be addressed in Appendix J.

II. Discussion

A. Adaptive Water Fill Control

The amount of energy that a clothes washer consumes is almost entirely a function of whether it uses heated or unheated water, and of the temperature and amount of any heated water it uses. Adaptive water fill control in a clothes washer is a control scheme which automatically determines, without operator intervention, the amount of water used to wash a particular load of clothing, based on the size of that clothing load. In the NOPR, the Department proposed to amend Appendix J to include test provisions for adaptive water fill control[4] schemes, but proposed no alteration of the existing test procedures for manual water fill control.[5]

Manual and Adaptive Water Fill Control

The GEA clothes washer that is the subject of Interim Waiver CW–004, cited above, has both manual and adaptive water fill control capability. However, neither the current Appendix J test procedure, nor the proposed amendments to Appendix J, sets forth a procedure that applies to a clothes washer that has both of these features. In the Supplemental NOPR, the Department proposed that Appendix J1 provide that such machines be tested in both the manual and adaptive water fill modes, and that test results be prorated based on the assumption that each mode is used 50 percent of the time. This methodology is used in Interim Waiver CW–004 granted to GEA. The Department has not received any negative comment regarding this methodology, and is considering adoption of this approach for the Appendix J test procedure. The Department welcomes comments on this issue.

Multiple Adaptive Water Fill Control Settings

The GEA clothes washer covered by Interim Waiver CW–004, also permits adjustment of the ''sensitivity,'' or relative water fill amounts, for the adaptive water fill control feature. This feature allows a consumer to fine tune the adaptive water fill control system, and permits use of different amounts of water for a given amount of clothing being washed. The test method provided to GEA in Interim Waiver CW–004, requires the two extreme ''sensitivities,'' which provide the most and least energy intensive results, to be tested. Then these two results, or associated energy consumption values, are averaged to determine the adaptive water fill control energy consumption value. As mentioned above, the adaptive water fill control result is then prorated with the manual water fill control result. The Department has not received any negative comment regarding this methodology and is considering adoption of this approach for the Appendix J test procedure. The Department welcomes comments on this issue.

B. Temperature Selections

Currently, and as proposed, Appendix J allows for the testing of three basic wash temperatures, cold, warm, and hot, in several combinations with two

[1] Proctor & Gamble data indicates a decrease in the use of hot water and the number of cycles per year over time.

[2] The second round of clothes washer standards rulemaking was initiated by the publication of an Advance Notice of Proposed Rulemaking (ANOPR). (59 FR 56423, November 14, 1994.)

[3] GEA's clothes washer is actually manufactured by Fisher & Paykel Limited from New Zealand.

[4] In the NOPR, the terminology used was ''machine-controlled water fill,'' although the Department plans to adopt language used in the Supplemental NOPR ''adaptive water fill control.''

[5] In Appendix J, two types of manual fill control are defined, ''sensor filled'' and ''timed filled.''

rinse temperatures, cold and warm. The test procedures set forth percentages, called temperature use factors (TUFs), that represent the proportion of the time that each combination of wash and rinse temperatures is used. The test procedures have a set of TUFs that applies to each clothes washer that is equipped with either three, four, five or six discrete temperature combination selections (TCSs) (wash/rinse offering to a consumer). Clothes washers with these TCSs represent the majority of the market. However, new clothes washers, such as the GEA clothes washers, have new temperature combinations which are not explicitly covered by the Appendix J test procedure.

Multiple Warm Wash Temperature Combination Selections

The GEA clothes washer covered by Interim Waiver CW–004 has three different warm wash selections, each of which has a cold rinse. The warm wash temperatures of these three TCSs are equally spaced by temperature, so that the temperature of the median warm wash is at the mid-point between the temperatures of the warmest warm wash and the coolest warm wash. The test methodology provided to GEA in the Interim Waiver required that only the median warm wash TCS be tested. The above and below median warm wash TCSs were not to be tested. The Department did not receive any negative comment regarding this methodology.

The Department is considering adoption of a similar approach in Appendix J. In addition, the Department is also considering adoption of additional provisions to address two other situations where clothes washers have multiple warm wash TCSs. First, similar to the clothes washer covered by Interim Waiver CW–004, a clothes washer could have a median warm wash selection and two or more pairs (one selection above and the other below the median) of additional warm selections, with the two selections in each pair being an equal distance (by temperature) from the median. The Department contemplates that in such a situation, as under Interim Waiver CW–004, a manufacturer should have to test only the median warm wash TCS. Second, unlike the clothes washer covered by Interim Waiver CW–004, a clothes washer could have multiple warm wash TCSs that are not equidistant from a median warm wash TCS. The Department is considering incorporation into Appendix J of a requirement that, in such a situation, a manufacturer would test the TCS with the warm wash temperature that is the next higher selection above the actual mean selection, or above a theoretical mean warm wash TCS if an actual mean selection does not exist. The Department seeks comments regarding these issues.

Multiple Temperature Settings Within a Temperature Combination Selection

The GEA clothes washer covered by Interim Waiver CW–004 also has multiple temperature settings, i.e., a range of temperatures from which a consumer can make a setting within a specific TCS. Section 3.2.2.2 of the current test procedure requires that the ''hottest setting available'' be used for testing the hot wash TCS. In Interim Waiver CW–004, the Department provided a test methodology to GEA for its clothes washer which requires that the hottest temperature setting within a hot, warm or cold TCS be tested.

This approach is similar to the Department's proposal in the NOPR for addressing similar TCSs that are labeled so as to appear to the consumer to be virtually identical. In essence, the similarly labeled TCSs are two temperature settings for one basic TCS. For example on a single clothes washer, one cold wash/cold rinse TCS may be labeled ''cold/cold,'' with a wash temperature that is never heated, and another can be labeled ''auto cold/cold'' with a wash temperature that uses some hot water. The Department's NOPR proposes that the hottest of these two selections be used for test results. The Department believes this proposal is consistent with the industry's basic interpretation of the test procedure. The Department believes this issue is essentially the same as the multiple temperature setting issue regarding the GEA clothes washer. The Department did not receive any negative comment regarding the NOPR's provision for similarly labeled TCSs.

However, the Department did receive negative comment from Fisher & Paykel Limited (Fisher and Paykel)[6] in response to the Interim Waiver CW–004 granted to GEA. Fisher & Paykel is concerned that the test methodology that requires testing at the hottest temperature setting available within a TCS is inconsistent with the test methodology regarding multiple warm wash TCSs, discussed above. The two approaches may appear to be inconsistent, but the Department believes they would establish the best solution given the treatment of multiple warm TCSs in Interim Waiver CW–004 and the proposal in the NOPR for similarly labeled TCSs. One of the Department's goals in proposing to amend the Appendix J test procedure is to see that the test procedure does not affect the energy rating of any model that must meet the current minimum efficiency standard. In addition, to the extent possible, the Department wants to ensure that all models are tested and rated on a comparable basis. Therefore, the Department is considering adoption of provisions for Appendix J that would require, for each TCS tested, that the test be conducted at the hottest setting available for that TCS. The Department welcomes comments on this issue.

[6] Fisher & Paykel Limited is the manufacturer of the clothes washer that GEA is petitioning for a waiver.

One and Two Temperature Combination Selections

The GEA clothes washers that are the subject of Interim Waiver CW–005, cited above, have only two wash/rinse TCSs. One selection has a cold wash and a cold rinse, while the other has a heated wash and a cold rinse. In the Interim Waiver granted to GEA, the Department provided a TUF of 15 percent for the cold/cold selection in these clothes washers, which is the same TUF value as is contained in the current test procedure for the cold/cold selection for three, four, five, and six TCS clothes washers. The heated TCS addressed in Interim Waiver CW–005 had the remaining percentage, or a TUF of 85 percent. The Department did not receive any negative comments regarding these proration factors. The Department is considering adoption of the same TUF values for Appendix J.

In addition, the Department proposes to specify that a clothes washer with only one TCS would be tested at that TCS 100 percent of the time. The Department plans to adopt the following tables for Appendix J:

Wash/rinse temperature setting	Temperature use factor (TUF)
One Temperature Selection (n=1)	
Any	1.0
Two Temperature Selection (n=2)	
Heated/cold	0.85
Cold/cold	0.15

The Department welcomes comments regarding these issues.

List of Subjects in 10 CFR Part 430

Administrative practice and procedure, Energy conservation, Household appliances.

Issued in Washington, DC, November 4, 1996.

Christine A. Ervin,

Assistant Secretary, Energy Efficiency and Renewable Energy.

[FR Doc. 96–28746 Filed 11–7–96; 8:45 am]

BILLING CODE 6450–01–P

FEDERAL RESERVE SYSTEM

12 CFR Part 215

[Regulation O; Docket No. R–0940]

Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Loans to Holding Companies and Affiliates

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Supplemental notice of proposed rulemaking.

SUMMARY: The supplemental notice of proposed rulemaking (supplemental proposal) would amend the Board's Regulation O, which limits how much and on what terms a bank may lend to its own insiders and insiders of its affiliates. Under the supplemental proposal, the restrictions of Regulation O would not apply to extensions of credit by a bank to an executive officer or director of the bank's affiliate, provided that the executive officer or director was not engaged in major policymaking functions of the bank and the affiliate did not account for more than 10 percent of the consolidated assets of the bank's holding company.

The supplemental proposal supersedes a similar proposal included in a proposed rule published by the Board on May 3, 1996. The supplemental proposal results from a recent change in the exemptive authority of the Board under the Economic Growth and Regulatory Paperwork Reduction Act of 1996. Other provisions of the earlier proposal have been adopted by the Board as a final rule.

DATES: Comments must be received on or before December 9, 1996.

ADDRESSES: Comments should refer to Docket No. R–0940 and be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551. They may also be delivered to the guard station in the Eccles Building Courtyard on 20th Street, NW. (between Constitution Avenue and C Street), between 8:45 a.m. and 5:15 p.m., weekdays. Except as provided in the Board's rules regarding the availability of information (12 CFR 261.8), comments will be available for inspection and copying by members of the public in the Freedom of Information Office, Room MP–500 of the Martin Building, between 9:00 a.m. and 5:00 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: Gregory Baer, Managing Senior Counsel (202/452–3236), or Gordon Miller, Attorney (202/452–2534), Legal Division, Board of Governors of the Federal Reserve System. For the hearing impaired only, Telecommunications Device for the Deaf (TDD), Dorothea Thompson (202/452–3544).

SUPPLEMENTARY INFORMATION:

Introduction

Section 22(h) of the Federal Reserve Act restricts insider lending by banks, and Regulation O implements section 22(h). 12 U.S.C. 375b; 12 CFR Part 215. Regulation O limits total loans to any one insider and aggregate loans to all insiders to a percentage of the bank's capital and requires that such loans be on non-preferential terms—that is, on the same terms a person not affiliated with the bank would receive.[1] 12 CFR 215.4 (a), (c), and (d). For this purpose, an ''insider'' means an executive officer, director, or principal shareholder, and loans to an insider include loans to any ''related interest'' of the insider, including any company controlled by the insider. 12 CFR 215.2(h). Regulation O requires that banks maintain records to document compliance with all these restrictions. 12 CFR 215.8.

On May 3, 1996, the Board proposed amendments to Regulation O to conform its exceptions for executive officers and directors of affiliates of banks to the requirements of section 22(h), as amended by the Riegle Community Development and Regulatory Improvement Act of 1994 (Riegle Act).[2] 61 FR 19,683. On September 30, 1996, in the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA),[3] Congress further amended section 22(h)(8)(B) by expanding the number of restrictions from which the Board could exempt insiders of affiliates, but narrowing the number of insiders of affiliates eligible for such exemptions. In view of the changes in the Board's authority and the comments received from the public concerning the Board's original proposal, the Board is seeking comment on a new proposal to exempt certain insiders of affiliates from Regulation O.

Background

Section 22(h) restricts lending not only to insiders of the bank that is making the loan but also to insiders of the bank's parent bank holding company and any other subsidiary of that bank holding company.[4] Prior to FDICIA, the Board's rules exempted from all the provisions of Regulation O an executive officer of the bank's affiliates (other than the parent bank holding company) who did not participate in major policymaking functions at the bank.[5] 12 CFR 215.2(d) (1992). The Board considered this treatment appropriate for two reasons. First, such persons generally were not considered to be in a position to exert sufficient leverage on the lending bank to obtain a loan on anything but arm's length terms, in contrast to executive officers of the lending bank itself or its parent. Thus, the Board considered the benefits, in terms of protecting the safety and soundness of bank, of restricting loans to these insiders of affiliates to be small. Second, applying these restrictions to executive officers of affiliates would have required each bank to maintain an updated list of all its affiliates' executive officers and all related interests of these executive officers, and to check all loans against this list. Particularly for a bank in a large bank holding company structure, this effort would have constituted a significant burden not outweighed by any substantial benefit.

However, after the FDICIA amendment, the language of the statute no longer appeared to allow such an

[1] Regulation O also requires prior approval of the bank's board of directors for certain loans to insiders and prohibits overdrafts by executive officers and directors.

[2] Pub. L. 103–325, section 334 (1994).

[3] Pub. L. 104–208, section 2211 (1996).

[4] As amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), section 22(h)(8) provides that ''any executive officer, director, or principal shareholder (as the case may be) of any company of which the member bank is a subsidiary, or of any other subsidiary of that company, shall be deemed to be an executive officer, director, or principal shareholder (as the case may be) of the member bank.'' 12 U.S.C. 375b(8)(A).

[5] Subsection (h) of section 22 was added in 1978. Financial Institutions Regulatory and Interest Rate Control Act of 1978, Pub. L. 95–630, § 104. At that time, subsection (h) was ambiguous about whether an executive officer of a bank's affiliate was required to be treated like an executive officer of the bank itself. The statute provided that an ''officer'' of a bank included officers of affiliates, but did not similarly address ''executive officers.'' The statute's restrictions on lending by a bank to ''executive officers'' of the bank therefore did not clearly apply to ''executive officers'' of affiliates. No such ambiguity existed with respect to directors and principal shareholders of affiliates, who were explicitly treated like their counterparts at the lending bank. In 1980, the Board amended Regulation O to cover insiders of affiliates, but included a regulatory exception for executive officers of affiliates who did not participate in major policymaking functions at the bank.