down to the nearest quarter-cent, as has previously been the case.

Authority: Secs. 9, 13 and 14, National School Lunch Act, as amended (42 U.S.C. 1758, 1761 and 1762a).

Dated: December 24, 1997.

George A. Braley,

Acting Administrator, Food and Consumer Service.

[FR Doc. 97–34137 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–30–M

DEPARTMENT OF AGRICULTURE

Forest Service

BlueGrass Bound Timber Sale; Idaho Panhandle National Forests; Boundary County, Idaho

AGENCY: Forest Service, USDA.

ACTION: Notice, cancellation of notice of intent to prepare an environmental impact statement.

SUMMARY: On December 30, 1994, notice was published in the **Federal Register** [FR 67696] that an environmental impact statement would be prepared to assess the effects of timber harvest and road construction within the Boundary Creek drainage on the Bonners Ferry Ranger District, Idaho Panhandle National Forests.

That notice is hereby cancelled.

Changes in Agency direction have resulted in changes to the proposed action and substantial reductions in their anticipated effects and a determination that documentation in an environmental impact statement is no longer necessary.

DATES: This action is effective December 31, 1998.

FOR FURTHER INFORMATION CONTACT: Pat Cooley, project leader, Bonners Ferry Ranger District, Idaho Panhandle National Forests, Route 4, Box 4860, Bonners Ferry, Idaho 83805–9764.

SUPPLEMENTARY INFORMATION: The proposed actions of timber harvest and road construction and alternatives, including taking no action at this time, are being assessed and documented in the Blue-Grass Bound environmental assessment. It is anticipated that the pre-decision environmental assessment will be available for 30-day public comment period in February, 1998. After this public comment period, the comments will be analyzed and considered in reaching a decision regarding this proposal. The decision will be documented in a Decision Notice.

I am the responsible official for this environmental analysis. My address is Bonners Ferry Ranger District, Route 4 Box 4860, Bonners Ferry, ID 83805–9764.

Dated: December 18, 1997.

Elaine J. Zieroth,

District Ranger.

[FR Doc. 97–33997 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Southwest Oregon Provincial Interagency Executive Committee (PIEC), Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Southwest Oregon PIEC Advisory Committee will meet on January 15 at the Best Western Motel at 1143 Chetco Ave., Brookings, Oregon. The meeting will begin at 9 a.m. and continue until 5 p.m. Agenda items to be covered include: (1) Coordinated watershed restoration between federal and non-federal land managers; (2) province monitoring priorities; (3) forest health issues; (4) report from local BLM and Forest Service on local issues; and (5) public comment. All Province Advisory Committee meetings are open to the public.

FOR FURTHER INFORMATION CONTACT: Direct questions regarding this meeting to Chuck Anderson, Province Advisory Committee staff, USDA, Forest Service, Rogue River National Forest, 333 W. 8th Street, Medford, Oregon 97501, phone 541–858–2322.

Dated: December 17, 1997.

James T. Gladen,

Forest Supervisor, Designated Federal Official.

[FR Doc. 97–34106 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Southwest Washington Provincial Advisory Committee; Meeting Notice

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Southwest Washington Provincial Advisory Committee will meet on Friday, January 23, 1998, in Vancouver, Washington, at the Educational Service District 112 (2500 NE 65th Avenue). The meeting will begin at 10 a.m. and continue until 5 p.m. The purpose of the meeting is to: (1) Review and prioritize watershed restoration projects for 1998 and 1999, (2) Provide information on the Intergovernmental Advisory Committee Survey, (3) Share 1997 Advisory Committee Annual Report Information, and (4) Public Open Forum. All Southwest Washington Provincial Advisory Committee meetings are open to the public. Interested citizens are encouraged to attend. The ''open forum'' provides opportunity for the public to bring issues, concerns, and discussion topics to the Advisory Committee. The ''open forum'' is scheduled as part of agenda item (4) for this meeting. Interested speakers will need to register prior to the open forum period. The committee welcomes the public's written comments on committee business at any time.

FOR FURTHER INFORMATION CONTACT: Direct questions regarding this meeting to Sue Lampe, Public Affairs, at (360) 891–5091, or write Forest Headquarters Office, Gifford Pinchot National Forest, 10600 N.E. 51st Circle, Vancouver, WA 98682.

Dated: December 22, 1997.

Robert Yoder,

Province Lead Staff.

[FR Doc. 97–34000 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Timber Sale Contracts; Change in Stumpage Rate Adjustment Procedure

AGENCY: Forest Service, USDA.

ACTION: Notice; adoption of final procedure.

SUMMARY: The Forest Service gives notice of adoption of a revised stumpage rate adjustment procedure, by which rates bid on timber can be adjusted in response in market changes after the contract is awarded. The procedure will be applied to most timber sale contracts in the western States. In an August 7, 1996, **Federal Register** notice (61 FR 41124), the Forest Service proposed eliminating the stumpage rate adjustment procedure entirely. After considering the public comment, the Forest Service has decided to continue to use stumpage rate adjustment in timber sale contracts, but to modify the procedures so that 100 percent of the difference between current and base lumber price indices is added to tentative rates during periods of increasing lumber prices and 100 percent of the difference is subtracted from tentative rates during periods of declining prices. The effect of this change is to equalize the risk of lumber

price fluctuations between purchasers and the Forest Service on future timber sale contracts and, thereby, satisfy Office of Inspector General audit recommendations.

DATES: This policy is effective January 30, 1998.

FOR FURTHER INFORMATION CONTACT: Rex Baumback, Timber Management Staff, (202) 205–0855.

SUPPLEMENTARY INFORMATION:

Background

The Forest Service sells timber to private purchasers through competitive bidding. The agency awards the timber sale contract to the responsible bidder submitting the highest qualified bid.

Title 36, Code of Federal Regulations, Part 223 allows for the adjustment of contract (stumpage) rates during the term of a timber sale contract. These regulations state that:

> Timber may be appraised and sold at a lump-sum value or at a rate per unit of measure which rate may be adjusted during the period of the contract and as therein specified in accordance with formulas or other equivalent specifications for the following reasons: (a) Variations in lumber or other product value indices between the price index base specified in the contract and the price index actually experienced during the cutting of the timber * * *.

Under contract to the Forest Service, the Western Wood Products Association provides the lumber price indices that the agency uses for stumpage rate adjustment.

In the western states, except Alaska, most timber sales with contract terms exceeding 1 year include a provision which allows contract rates to be adjusted during the term of the contract by the use of lumber price indices. The purpose of the stumpage rate adjustment procedure is to allow a timber sale purchaser's stumpage payments to follow the price trends of the primary forest product (lumber) manufactured from National Forest System timber. This procedure was intended to help reduce the risk of loss to a timber purchaser holding a timber sale contract during periods of declining lumber prices and to benefit the Government by increasing stumpage receipts during periods of rising lumber prices.

The Forest Service first adopted a stumpage rate adjustment procedure in the 1950's to reduce the risk, both to industry and the Government, of holding long-term timber sale contracts. In the 1950's and 1960's, timber sale contract periods often exceeded 10 years, and the procedure was a means to reduce the risk to both parties due to price fluctuations in the lumber market. During this era, stumpage rates would vary, either up or down, by 50 percent of the change in lumber prices.

In 1971, with the introduction of Forest Service Form 2400–6 Timber Sale Contract, the initial stumpage rage adjustment procedure was changed to a formula which provided for stumpage prices to increase by 50 percent of the change in lumber prices when lumber prices are rising and to decrease by 100 percent of the change in lumber prices when lumber prices are falling. The purpose of this adjustment was to account for increased costs to timber sale purchasers during the course of the contract term. In March, 1983, it was expanded to include western Washington and Oregon.

In September, 1991, the Department of Agriculture Office of Inspector General, issued a report (Audit Report No. 08099–122–SF dated 9/91—Stumpage Rage Adjustment on Timber Sales) which found that the 50 percent upwards and 100 percent downwards stumpage rate adjustment procedure lowers the risk of market fluctuations to the purchaser at the monetary expense of the Government. The audit recommended either eliminating the stumpage rate adjustment procedure or modifying it so that adjustments to stumpage are the same percentage for both periods of rising and falling lumber prices.

On August 7, 1996, the Forest Service published a notice in the **Federal Register** proposing to eliminate the stumpage rate adjustment procedure entirely. However, after considering the public comments received, the Forest Service has decided to continue to use stumpage rate adjustment in timber sale contracts, but to modify the procedure used to change stumpage rates. Under the revised procedure, 100 percent of the difference between current and base lumber price indices will be added to tentative rates during periods of increasing lumber prices and 100 percent of the difference will be subtracted from tentative rates during periods of declining prices. The effect of this change is to equalize the risk of lumber price fluctuations between purchasers and the Forest Service on future timber sale contracts, while making timber sale purchasers responsible for any increased logging and manufacturing cost increases due to their delay in harvest.

Summary of Comments

The Forest Service received 22 responses. Comments were received from 15 timber sale purchasers, four timber industry associations, two companies related to the timber industry, and one individual. Many of the responses endorsed the comments of specific timber industry associations.

The following describes the comments received by general topics and the agency's response to them.

Reasons for Retaining the Stumpage Rate Adjustment Procedure

Comment. Fifteen respondents commented that the 1991 Office of Inspector General (OIG) report is outdated and contains conclusions which are in error, because the sample size was small and non-random, covered a narrow geographic range, and covered a short timeframe. These respondents noted that the OIG audit findings conflict with the paper titled ''Analysis of Stumpage Rate Adjustment Policy on Western National Forests'' (SRA Policy Study) by Ervin G. Schuster and Michael J. Niccolucci which was published in the *Western Journal of Applied Forestry* (vol. 10, no. 2, pp. 53–58, April 1995).

Response. The OIG report was not intended to be a comprehensive study. As the respondents state, the OIG analysis had certain limitations. That is why the Forest Service conducted the SRA Policy Study. The SRA Policy Study includes a larger and random sample, a greater geographic range, and a longer time period. However, the findings of the OIG analysis do not conflict with the findings of the SRA Policy Study. The SRA Policy Study notes that the ''results from the two studies are essentially identical * * *.'' While the OIG and SRA Policy Study were useful, neither was determinative in the selection of the revised policy.

Comment. Five respondents suggested that all proposed changes in the contract should be proposed at one time, rather than making piecemeal changes. Stumpage rate adjustment needs to be evaluated with other changes.

Response. The agency realizes that it would be desirable to consider all possible contract changes at one time. For this reason, the comment period for the proposed changes in stumpage rate adjustment procedure was extended so that it corresponded to the comment period for proposed market-related contract term addition changes (published October 21, 1996, at 61 FR 54589).

There will always be a need for periodic revisions of portions of the timber sale contract to meet changing situations. The revision of stumpage rate adjustment procedures will make the price paid for timber by purchasers more responsive to changing lumber prices, while holding timber sale purchasers responsible for increased inflationary costs due to their delay in harvest. There is no reason to delay implementing this stumpage rate adjustment change indefinitely while a more comprehensive contract revision is developed.

Comment. Six respondents stated that it is not fair to withdraw stumpage rate adjustment procedures, unless other financial security provisions are also withdrawn.

Response. As explained in response to other comments which follow, the agency has decided to not abolish stumpage rate adjustment procedures. However, the procedures are being modified to make them more responsive to changing lumber prices, while holding timber sale purchasers responsible for increased inflationary costs due to their delay in harvest. Financial security contract provisions have been developed incrementally over time. The current change is part of this incremental process. There is no valid reason to withdraw other procedures that have proved themselves to be necessary to protect the public's financial interests.

Comment. Five respondents felt that prior to eliminating stumpage rate adjustment, it must be shown that the revised market-related contract term addition policies work, since market-related contract term addition and stumpage rate adjustment are complementary policies.

Response. As already noted, the agency is modifying stumpage rate adjustment procedures, rather than abolishing them. Further, the agency agrees that market-related contract term addition and stumpage rate adjustment are complimentary policies. However, the complimentary nature of the two policies does not provide a valid reason to delay this change.

Comment. Fifteen respondents noted that the Forest Service proposal to eliminate stumpage rate adjustment appears to be premised on the fact that contract terms are now shorter than in the 1960's and 1970's. However, these respondents noted that while contract length is shorter now, many timber sales receive extensions of time for harvest, and the lumber market is more volatile now that in the past. Therefore, they argued that stumpage rate adjustment is still needed to mitigate market risk for both the timber sale purchaser and the Forest Service.

These respondents provided information to show that volume weighted contract lengths for non-salvage timber sales have declined from 1981 to 1996 from approximately 4 years to approximately 3 years. The respondents also submitted data to show that, for green sales sold from calendar year 1994 though the second calendar year quarter of 1996, 80 percent of the timber sales and 48 percent of the volume was in contracts shorter than 3 years. Their point was that, while there are a large number of short contracts, the majority of the volume remains in longer contracts. Further, the respondent's analysis asserted that nearly one-half of all timber sales in Regions 1 and 6 received contract term extensions, in increasing contract length on these sales by nearly 1½ years. The respondents also provided data to show that lumber markets are more volatile than in the past.

Response. There is a significant volume of timber, over 80 percent, in contracts that exceed 2 years in length, and many of these sales may receive contract term extensions. When contracts have a long term, stumpage rate adjustment provides a valuable tool for ensuring the viability of contacts by reflecting lumber market changes. Stumpage rate adjustment reduces the price of timber when lumber price changes for both the timber sale purchaser and the Government. Stumpage rate adjustment reduces the price of timber when lumber markets decline, thus preventing possible purchaser default, and provides increased revenues to the Government when lumber prices increase. Upon consideration of comments and its own analysis, the agency agrees that it is important to continue to provide stumpage rate adjustment on timber sale contracts that are longer than 1 year in length.

Comment. Six respondents stated that because the Forest Service timber program is sporadic, the agency should retain all policy tools to deal with declining markets, including stumpage rate adjustment.

Response. The agency does not agree that the timber program is sporadic. After reducing the volume sold in the early 1990's, the volume sold has leveled off at approximately 4 billion board feet. The agency does agree, however, that policy tools to address volatile timber markets should be retained, including stumpage rate adjustment.

Comment. Nine respondents felt that if the stumpage rate adjustment procedures were eliminated small companies, without timberlands, would be penalized more than large companies. They argued that large companies can mix expensive Forest Service timber with timber from their own lands, while small companies would not be able to purchase enough volume at lower prices to mix with their high-priced timber. These respondents felt that stumpage rate adjustment provides an equitable procedure for all sizes of companies to reduce the cost of high-priced Forest Service timber during market declines.

Response. The agency agrees that the stumpage rate adjustment procedure provides an equitable mechanism to assist purchasers in responding to declining markets. Therefore, the stumpage rate adjustment procedure will be retained.

Comment. Eleven respondents stated that elimination of stumpage rate adjustment would result in additional risk for all companies. They argued that the additional risk would make it more difficult for small companies to obtain loans and bonds and that these companies would need to use cash to meet financial security requirements, reducing the number of companies that can purchase timber sales, thereby reducing competition and timber sale bids.

Response. The agency realizes that purchasers could have a higher risk from lumber price decreases if stumpage rate adjustment were eliminated and, in turn, small companies might have more difficulty obtaining loans and bonds. As previously stated, the agency has concluded that it will not eliminate the stumpage rate adjustment procedure, but will modify it to fairly distribute the risks to purchases and the Government.

Comment. One respondent felt that not allowing for market price changes to be reflected in stumpage rate adjustment will increase the number of sales with no bids.

Response. The SRA Policy Study indicated that sales without stumpage rate adjustment receive lower bids. This finding may support the respondents conclusion that eliminating stumpage rate adjustment in timber sale contracts will increase the number of sales with no bids. Recognition of the effects of stumpage rate adjustment on prices and sales bid provided an additional reason for concluding that a stumpage rate adjustment procedure should be retained.

Comment. Ten respondents felt that elimination of stumpage rate adjustment would result in reduced receipts, reduced opportunity to collect trust funds, and reduced payments to counties.

Response. This comment is consistent with the SRA Policy Study results and supports the agency's decision to retain a stumpage rate adjustment procedure.

Comment. Ten respondents commented that elimination of stumpage rate adjustment will result in more defaulted sales and increase mill closures. One respondent also stated that mill closures would add to a shortage of wood products for consumer use.

Response. Upon further consideration, the agency agrees that, without the stumpage rate adjustment procedure, more mills are likely to experience financial difficulty and default their timber sales during a lumber market downturn, and there is a risk that, in such an adverse situation, some of these mills might go out of business. A decline in the number of mills might reduce competition for Forest Service timber sales. However, mill closures are unlikely to contribute to a shortage of wood products. Remaining mills should have ample capacity to process timber from Forest Service sales.

Comment. In contrast to the vast majority of comments, one respondent commented that stumpage rate adjustment should be eliminated if it cannot be continued with the current procedures. This respondent's reasons were that: (1) Stumpage rate adjustment is almost impossible for the Government and purchaser to manage with lump sum sales because there are different rates on different payment units, and there is uncertainty about the volumes harvested each month; (2) Forest Service timber is now a smaller part of available volume and with a small volume the complexity of managing the stumpage rate adjustment process is not justified; and (3) the indices do not represent the actual lumber markets for many companies. This respondent felt that the current procedure of increasing timber prices by 50 percent of lumber price increases compensates for cost inflation and the burden of dealing with these complexities.

Response. The agency agrees that, with lump-sum timber sales, stumpage rate adjustment may complicate the purchaser's financial planning. However, Forest Service units must do similar planning and have found that these complications are manageable. The stumpage rate adjustment process uses 10 indices that are directly related to species that are sold. It is not feasible to have separate indices for each product that is marketed. Timber sales purchasers can manage inflationary cost increases by timing their harvest. No change is being made based on this comment.

Applicability to Existing Contracts

Comment. One respondent stated that converting existing contracts to flat rates would not be equitable, because the contracts were bid at higher prices with the assumption that stumpage rate adjustment would protect the timber sale purchaser from lumber market declines.

Response. Based on the SRA Policy Study, which found that stumpage rate adjustment timber sales received higher bids, it is possible purchasers may have bid higher prices assuming they could be protected during market declines. In any case, the agency has decided not to eliminate stumpage rate adjustment.

Comment. Eight respondents stated that elimination of stumpage rate adjustment would cause expensive contract claims.

Response. While it might be true that elimination of stumpage rate adjustment could result in claims, the contract does provide for eliminating stumpage rate adjustment when a suitable index is no longer available. The Government and purchasers anticipate, upon execution of the contract, that stumpage rate adjustment may be eliminated in certain circumstances. In any case, the agency has decided not to eliminate stumpage rate adjustment.

Stumpage Rate Adjustment Procedures

Comment. Fifteen respondents commented that the current requirement that increases stumpage 50 percent for any lumber price increase and decreases stumpage 100 percent for any lumber price decrease is not unfair to the Government, since inflation needs to be accounted for and since fixed costs increase when production decreases. These respondents asserted that operational and equipment costs do not track the lumber markets. They also stated that the Forest Service should not receive 100 percent of the benefit for a market increase when they have a monopoly on timber supply in this country and can influence the price through their policies.

Response. The agency recognizes that inflation may occur and that fixed costs per unit of output change when production is increased or decreased. However, purchasers have control of when trees will be harvested and can minimize the adverse effect of inflation by harvesting the trees promptly. In addition, when markets are good, production increases and this reduces the fixed cost per unit of production, offsetting or partially offsetting inflationary cost increases.

The current and new policies both decrease stumpage prices for 100 percent of any lumber price decrease. Neither operational cost increases or increases in the fixed cost of production per unit of measure are reflected in this reduced price.

Finally, the agency does not have a monopoly on timber supply in this country. The Forest Service supplies only about 10 percent of the volume consumed and does not intentionally influence price with its policies.

Comment. One respondent stated that the current system with adjustments of 50 percent when lumber prices are up and 100 percent when lumber prices are down is skewed in favor of the Forest Service. An equitable system would be one which was revenue neutral over time, when compared with a flat rate system.

Response. The agency does not agree that the current system is skewed in favor of the Forest Service. In fact, based on the respondent's criterion, the current system is skewed in favor of the timber sale purchaser. No change is being made based on this comment.

Comment. One respondent commented that the 100 percent down provision of the stumpage rate adjustment procedure protects both the purchaser and the agency from default. Also, that the 50 percent up feature allows the Forest Service to benefit from lumber price increases and that this is the Forest Service compensation for the protection afforded purchasers during down markets.

Response. The agency agrees that the Forest Service receives a benefit in down markets by avoiding contract defaults, but this benefit is not equal to the benefit the purchaser now receives in increasing markets.

Comment. One respondent stated that if the current system must be changed, both the Forest Service and the purchaser would receive compensation for the risks they are taking if a 50 percent up and 50 percent down procedure were used.

Response. The agency agrees, but believes that a 100 percent up and 100 percent down procedure would better protect purchasers during down markets.

Comment. One respondent stated that, if the procedure must change, that the 100 percent down and 100 percent up alternative is preferable to 50 percent down and 50 percent up. In either case, the procedure would have to be reflected in the appraisal process, since bid prices will be directly affected. Because purchasers would be assuming more risk than at present. This respondent felt that bid prices would go down, and that this market change must be reflected in the appraisal.

Response. The agency agrees that the preferable alternative is the 100 percent down and 100 percent up procedure, because purchasers are fully protected from falling lumber prices and the Government is fairly compensated for the reduced revenues it receives in down markets by obtaining greater revenues in up markets. In addition, this procedure would reduce the incentive to delay harvest in the hope that prices will increase.

The agency also agrees that this change will have to be considered in timber sale appraisals, until such time as timber sales in the appraisal base period fully reflect this change.

Which Indices To Use

Comment. Nine respondents stated that alternatives to the currently used Western Wood Products Association indices might not truly reflect lumber selling prices, because the indices could be more easily manipulated by non-manufacturers. In addition, ten respondents stated that alternatives to the Western Wood Products Association indices do not include a major portion of western lumber production, are not weighted by volume sold, are not based on actual sales invoices, and cannot be audited.

Response. The agency has contracted with the Western Wood Products Association for indices, so this comment is moot.

Regulatory Procedures

Comment. Fifteen respondents stated that the policy needs to be reviewed for regulatory impact under Executive Order 12866. The policy will affect individual purchasers, reduce revenue to the Government, and affect payments to counties.

Response. The policy has been reviewed for regulatory impact under Executive Order 12866 and determined not to have a significant economic effect. The SRA Policy Study indicates that eliminating stumpage rate adjustment would reduce bids by approximately 4 percent (weighted average of all Regions) and reduce receipts from stumpage by an additional 5 percent. Approximately 75 percent of the volume in the western Regions (except Alaska) is sold with stumpage rate adjustment. In fiscal year 1996, the volume harvested on stumpage rate adjustment contracts had a value of approximately $275 million. The possible loss of 9 percent of this revenue ($25 million) is under the $100 million economic effect.

The policy being adopted, however, has an even smaller economic effect than the proposal to eliminate stumpage rate adjustment. The SRA Policy Study indicates that changing to a policy of 100 percent up and 100 percent down adjustments would increase revenue by approximately 7 percent. The SRA Policy Study was not able to estimate the possible reduction in bids that will occur when this policy is implemented, but if bids are reduced by 5 percent there will be a small positive effect on government receipts, perhaps $5 million.

Comment. Ten respondents stated that the proposal needs a comprehensive analysis under the Regulatory Flexibility Act, because it fails to describe the potential impacts on small business, which includes the possibility that the banking and bonding industries may withdraw from the federal timber sale program, if stumpage rate adjustment is eliminated. These respondents concluded if this occurred, small businesses would have a more difficult time purchasing Forest Service timber sales.

Response. The proposed policy was reviewed under the Regulatory Flexibility Act. The respondents did identify a possible effect on small businesses, if stumpage rate adjustment were eliminated. The increased risk of default in falling markets might mean that the banking and bonding industries would be less likely to work with small businesses. As explained in response to a previous comment, this is one of the reasons that the Forest Service is choosing to not eliminate the stumpage rate adjustment procedure. The 100 percent up and 100 percent down procedure that will be implemented will not have a significant economic impact on either large or small businesses.

Comment. Ten respondents stated that the potential reduction in 25 percent payments, if flat rates are imposed, is an unfunded mandate on counties because they will have to find another source of revenue.

Response. As explained in an earlier response, eliminating stumpage rate adjustment might have a total effect of $25 million, and 25 percent of this is well below the $100 million criteria for the preparation of an unfunded mandates statement. When the policy is implemented, the effect on revenue to countries should be a slight increase.

Conclusion

Based on consideration of the comments received, the agency has decided to provide a stumpage rate adjustment procedure where 100 percent of any decreases in lumber price are reflected as a reduction in timber prices, subject to the limitation that prices cannot decrease below base rates. For falling markets, this is the same as the current procedure. The procedure for rising markets, however, will be changed so that 100 percent of any lumber price increase will be reflected as an increase in timber prices, subject to the limitation that timber prices cannot increase by more than the difference between base rates and tentative rates. The current procedure for rising markets is to reflect only 50 percent of any lumber price increase.

The current procedure is inequitable to the public because the purchaser is protected from any lumber price decrease, while still getting the benefit of one-half of any lumber price increase. The current policy, established when inflation was high, recognized that the costs of logging and manufacturing also increase with time. To offset this effect, however, the timber sale purchaser can choose to harvest the timber early in the contract period, minimizing the risk of inflationary costs.

This revised stumpage rate adjustment procedure retains full protection for the timber sale purchaser when lumber prices decline. As compensation for this reduction in risk due to lumber price decreases, the public gets the benefit of lumber price increases, while the purchaser has the ability to time harvest to minimize cost increases due to inflation.

The revised stumpage rate adjustment procedure will be implemented through an amendment to chapter 2430 of the Forest Service Manual which will guide agency employees as follows:

FSM 2431.34—Stumpage Rate Adjustment. Except for situations that are disadvantageous to the Government, Forest Service timber sale contracts that exceed 1 year in contract length in the western United States should provide for stumpage rate adjustment. For example, do not include a stumpage rate adjustment provision for sales that lack a significant amount of sawtimber, when an index is not available for the predominant species in the sale, when there is no reasonably accurate conversion to board feet, or for other similar situations. When providing for stumpage rate adjustment, use contract provision C/CT3.2—Escalation Procedure, which provides that 100 percent of the difference between current and base lumber price indices will be added to tentative rates during periods of increasing lumber prices and 100 percent of the difference will be subtracted from tentative rates during periods of declining prices.

Regulatory Impact

This policy has been reviewed under USDA procedures and Executive Order 12866 on Regulatory Planning and Review. It has been determined that this is not a significant policy. This policy will not have an annual effect of $100 million or more on the economy nor adversely affect productivity, competition, jobs, the environment, public health or safety, nor State or local governments. This policy will not interfere with an action taken or planned by another agency nor raise new legal or policy issues. Fianlly, this action will not alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients of such programs. Accordingly, this policy is not subject to OMB review Executive Order 12866.

Moreover, this policy has been considered in light of the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*), and it is hereby certified that this action will not have a significant economic impact on a substantial number of small entities as defined by that act. The decision to retain a stumpage rate adjustment procedure and to equalize the risks in declining or increasing markets treats small and large pruchasers equally.

Pursuant to Title II of the Unfunded Mandates Reform Act of 1995, which the President signed into law on March 22, 1995, the Department has assessed the effects of this policy on State, local, and tribal governments and the private sector. This action does not compel the expenditure of $100 million or more by any State, local, or tribal governments or anyone in the private sector. Therefore, a statement under section 202 of the Act is not required.

Environmental Impact

This action falls within a category of actions excluded from documentation in an Environmental Impact Statement or an Environmental Assessment. Section 31.1b of Forest Service Handbook 1909.15 (57 FR 43180; September 18, 1992) excludes from documentation in an environmental assessment or impact statement ''rules, regulations, or policies to establish Service-wide administrative procedures, program processes, or instructions.'' The agency's assessment is that this policy falls within this category of actions and that no extraordinary circumstances exist which would require preparation of an environmental assessment or environmental impact statement.

Controlling Paperwork Burdens on the Public

The policy does not require any recordkeeping or reporting requirements or other information collection requirements as defined in 5 CFR part 1320 not already approved for use and, therefore, imposes no additional paperwork burden on the public. Accordingly, the review provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501, *et seq.*) and implementing regulations at 5 CFR part 1320 do not apply.

Dated: November 24, 1997.

Ronald E. Stewart,

Acting Associate Chief.

[FR Doc. 97–34051 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Natural Resources Conservation Service

Notice of availability of Record of Decision for Wainea-Paauilo Watershed, Hawaii County, Hawaii

AGENCY: USDA Natural Resources Conservation Service.

ACTION: Notice of availability of record of decision.

SUMMARY: Kenneth M. Kaneshiro, Responsible Federal Official for projects administered under the provisions of Public Law 83–566 in the State of Hawaii, is hereby providing notification that a record of decision to proceed with the installation of the Waimea-Paauilo Watershed project, signed December 16, 1997, is available.

The record of decision documents the intent to implement Alternative 5—Kauahi Reservoir Plan as set forth in the final Watershed Plan-Environmental Impact Statement (FEIS) for the Waimea-Paauilo Watershed, Hawaii County, Hawaii. The project will address the problems of inadequate and inconsistent irrigation water supply that prevent area farmers from full utilization of cropland and cause crop damage and losses during drought. The project will also address inconsistent supply and distribution of livestock drinking water to Waimea area ranches. The Selected Plan proposes the following improvements to the Waimea Irrigation System installation of a 131-million gallon reservoir, reservoir supply pipeline, extension of the irrigation water distribution system pipeline, and installation of a livestock drinking water system. The economic benefits derived by implementation of the irrigation water supply components will exceed economic costs. The social and cultural benefits of the livestock drinking water system, which will primarily serve native Hawaiian ranchers, has been judged by the funding source, the Department of Hawaiian Home Lands, to justify its construction. The project meets the needs of the sponsoring local organizations.

The record of decision documents that the Waimea-Paauilo Watershed project uses all practicable means, consistent with other essential considerations of national policy, to meet the goals established in the National Environmental Policy Act. The FEIS has been prepared, reviewed, and accepted in accordance with the National Environmental Policy Act.

ADDRESSES: Single copies of this record of decision may be obtained from Kenneth M. Kaneshiro, State Conservationist, Natural Resources Conservation Service, 300 Ala Moana Blvd., Room 4316, P.O. Box 50004, Honolulu, Hawaii 96850.

FOR FURTHER INFORMATION CONTACT: Michael Kolman, Assistant State Conservationist, Natural Resources Conservation Service, 300 Ala Moana Blvd., Room 4316, P.O. Box 50004, Honolulu, Hawaii 96850, telephone (808) 541–2602.

(This activity is listed in the Catalog of Federal Domestic Assistance under No. 10.904, Watershed Protection and Flood Prevention, and is subject to the provisions of Executive Order 12372, which requires intergovernmental consultiaont with State and local officials.)

Kenneth M. Kaneshiro,

State Conservationist.

[FR Doc. 97–33996 Filed 12–30–97; 8:45 am]

BILLING CODE 3410–16–M

DEPARTMENT OF COMMERCE

Submission For OMB Review; Comment Request

DOC has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: Bureau of the Census.

Title: Report of Privately Owned Building or Zoning Permits Issued

Form Number(s): C–404, C–404(I), C–404(B).

Agency Approval Number: 0607–0094.

Type of Request: Revision of a currently approved collection.

Burden: 30,716 hour.

Number of Respondents: 18,900.

Avg Hours Per Response: 25 minutes.

Needs and Uses: The Census Bureau conducts the Report of Privately Owned Building or Zoning Permits Issued to collect data to provide estimates of the number and valuation of new residential housing units authorized by building permits. We use the data, a component of the index of leading economic indicators, to estimate the number of housing units started, completed, and sold, if single-family,