

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF ENERGY

### Office of Energy Efficiency and Renewable Energy

[Docket Number EE-98]

#### 10 CFR Part 430

#### Workshop Regarding Water Heater Energy Efficiency Standards, Preliminary Analysis

**AGENCY:** Office of Energy Efficiency and Renewable Energy, Department of Energy.

**ACTION:** Notice of public workshop.

**SUMMARY:** The Department of Energy (the Department or DOE) will hold an informal public workshop to discuss the preliminary results from the engineering and life-cycle cost analyses for the proposed water heater energy efficiency standards. DOE will also present and discuss its methods for analyzing the impacts of energy efficiency standards on manufacturers, the national energy savings, environmental and consumer sub-group analyses, and the impacts of energy efficiency standards on utilities.

**DATES:** The public workshop will be held on Monday, November 9, 1998, from 9:00 a.m. until 4:30 p.m., and Tuesday, November 10, 1998, from 8:30 a.m. until 12:15 p.m.

**ADDRESSES:** The workshop will be held at the U.S. Department of Energy, Forrestal Building, Room 1E-245, 1000 Independence Avenue, SW, Washington, DC 20585.

Written comments are welcome. Please submit 10 copies (no faxes) and, if possible, a computer diskette (WordPerfect 6.1) to: Ms. Brenda Edwards-Jones, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, "Energy Conservation Program for Consumer Products: Water Heater Efficiency Standards, Docket No. EE-98-", EE-43, 1000 Independence Avenue, SW, Washington, DC 20585-0121. Telephone: (202) 586-2945.

Copies of the transcript of the public workshop, public comments received,

and this notice may be read (or copied) at the Freedom of Information Reading Room, U.S. Department of Energy, Forrestal Building, Room 1E-190, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-3142, between the hours of 9:00 a.m. and 4:00 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:**

Terry Logee EE-43, U.S. Department of Energy, 1000 Independence Avenue, SW, Washington, DC 20585-0121, (202) 586-9138, e-mail:

terry.logee@ee.doe.gov; or Eugene Margolis, Esq., GC-72, U.S. Department of Energy, Office of General Counsel, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-9507, e-mail: eugene.margolis@hq.doe.gov.

**SUPPLEMENTARY INFORMATION:** The Department of Energy is preparing engineering and economic analyses to support a revised Notice of Proposed Rulemaking for Water Heater Energy Efficiency Standards under the authority of the Energy Policy and Conservation Act (EPCA), 42 U.S.C. 6295(e). Previously, the Department issued a Notice of Proposed Rulemaking on March 4, 1994, 59 FR 10465.

This workshop will provide opportunities for interested parties to discuss the results of the revised engineering and life-cycle cost analyses to support water heater energy efficiency standards. These revised analyses use commercially available spreadsheet software and can be customized so that stakeholders may run "what if" scenarios with their own data and assumptions. The revised analyses also incorporate current manufacturing cost and price data for each design option, information on household demographics from the 1992 Residential Energy Consumption Survey and special cost data from expert consultants hired by the Department's contractors.

The Department will also be presenting and discussing its proposed method for analyzing the impacts of energy efficiency standards on manufacturers. This is a revised analysis using the Government Regulatory Impact Model (GRIM) also implemented on a commercially available spreadsheet software program. The GRIM is a cash flow model that assesses the changes in industry cash flow resulting from proposed changes in energy efficiency

standards. In order to complete the analysis, manufacturer interviews will need to be conducted.

DOE is particularly interested in determining whether its proposal for confidential interviews with individual manufacturers will be acceptable. During these interviews the DOE contractor, a representative from Arthur D. Little, will present the spreadsheet results of a strawman GRIM analysis. The company being interviewed will be asked qualitative and quantitative questions regarding the strawman analysis that will indicate the extent and nature of any impacts on the individual manufacturer. These questions will be coordinated with and approved by the Department of Justice.

DOE will also present and discuss its proposed methods for analyzing the national energy savings, including fuel switching scenarios, environmental, utility, and consumer sub-group impacts. DOE's contractor, Lawrence Berkeley National Laboratory, has convened a fuel switching working group to evaluate forecast algorithms, fuel switching scenarios, and data sources. This working group is made up of invited individuals from gas and electric utilities, utility associations, State energy offices, environmental advocates, research organizations, etc. DOE plans to analyze the impacts on consumer sub-groups by income levels. Environmental and utility impacts will be analyzed using the National Energy Modeling System (NEMS) from the Energy Information Administration (EIA). NEMS will be modified to extend its forecast capability to 30 years and to allow the use of the EIA's Residential Energy Consumption Survey demographic data with respect to water heaters.

At the workshop, the Department is particularly interested in receiving comments and views of interested parties concerning: (1) the analysis methodologies, (2) the results from the engineering and life-cycle cost analyses, and (3) DOE's assumptions regarding the costs of designs that will prevent ignition of flammable vapors and costs of venting for gas water heaters. The Department encourages those who wish to participate in the workshop to obtain the preliminary Technical Support Document from the internet (see the address above) and to make presentations that address its contents.

Workshop participants need not limit their statements to those topics, however. The Department is interested in receiving views concerning other issues that participants believe would affect the Proposed Rule for Energy Efficiency Standards for Residential Water Heaters.

The workshop will be conducted in an informal, conference style. A court reporter will be present to record the minutes of the meeting. There shall be no discussion of proprietary information, costs or prices, market shares, or other commercial matters regulated under antitrust law. The Department may use a professional facilitator to conduct the workshop.

After the manufacturer interviews are completed and the draft manufacturing impacts analysis is finished, the Department will issue a final technical support document to present the results. The national energy savings, consumer sub-group, environmental, and utility analyses will also be presented in the final technical support document. The Department will invite comments on the final technical support document and the analyses used. If you would like to receive the technical support document, or be added to the DOE mailing list to receive future notices and information regarding the water heater energy efficiency standards rulemaking, please contact Ms. Brenda Edwards-Jones, (202) 586-2945.

Issued in Washington, DC, on September 21, 1998.

**Dan W. Reicher,**

*Assistant Secretary, Energy Efficiency and Renewable Energy.*

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## DEPARTMENT OF THE TREASURY

### Office of Thrift Supervision

#### 12 CFR Part 561

[No. 98-95]

RIN 1550-AB28

#### **Consumer Credit Classified as a Loss, Slow Consumer Credit and Slow Loans**

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Office of Thrift Supervision (OTS) is proposing to delete its regulatory definitions of "consumer credit classified as a loss," "slow consumer credit," and "slow loans." These definitions are not necessary for the interpretation of any OTS regulation and may conflict with proposed guidance recently issued by

the Federal Financial Institutions Examination Council (FFIEC).

**DATES:** Comments must be received on or before October 26, 1998.

**ADDRESSES:** Send comments to Manager, Dissemination Branch, Records Management and Information Policy, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention Docket No. 98-95. Hand deliver comments to 1700 G Street, NW. from 9:00 A.M. to 5:00 P.M. on business days. Send facsimile transmissions to FAX Number (202) 906-7755 or (202) 906-6956 (if the comment is over 25 pages). Send e-mails to public.info@ots.treas.gov and include your name and telephone number. Interested persons may inspect comments at 1700 G Street, NW., from 9:00 A.M. until 4:00 P.M. on business days.

**FOR FURTHER INFORMATION CONTACT:** William Magrini, Senior Project Manager, Supervision Policy, (202/906-5744) or Vern McKinley, Senior Attorney (202/906-6241), Regulations and Legislation Division, Office of the Chief Counsel, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552.

#### **SUPPLEMENTARY INFORMATION:**

##### **Introduction**

The OTS is proposing to delete its regulatory definitions of "consumer credit classified as a loss," "slow consumer credit," and "slow loans." These definitions are not necessary for the interpretation of any OTS regulation and may conflict with proposed guidance recently issued by the Federal Financial Institutions Examination Council (FFIEC).

##### **Consumer Credit Classified as a Loss—§ 561.13**

##### **Slow Consumer Credit—§ 561.47**

Consumer credit is credit extended to individuals for personal, family or household purposes. See 12 CFR 561.12. Currently, "consumer credit classified as a loss" is defined as closed-end consumer credit that is delinquent 120 days or more (five monthly payments or more) and open-end consumer credit that is delinquent 180 days or more (seven zero billing cycles or more). See 12 CFR 561.13. OTS regulations define "slow consumer credit" as closed-end consumer credit that is delinquent for 90 to 119 days (four monthly payments) and open-end consumer credit that is delinquent for 90 to 179 days (four to six zero billing cycles). See 12 CFR 561.47. Both definitions provide that a payment of 90 percent or more of the contractual payment is considered to be

a full payment, and state that a loan is not considered to be slow or a loss if an association can clearly demonstrate that repayment will occur regardless of delinquency status.

Neither of these terms is used in any other OTS regulation. The OTS, however, has issued guidance instructing examiners to follow these provisions when classifying closed-end and open-end consumer credit. Slow credits are presumed Substandard and consumer credit classified as a loss is presumed a Loss, subject to management providing documentation that such an adverse classification is not warranted.<sup>1</sup>

Recently, the FFIEC sought public comment on its proposed Uniform Retail Credit Classification Policy ("Uniform Classification Policy"), a supervisory policy used by the federal banking agencies for the uniform classification of retail credit loans of financial institutions.<sup>2</sup> The banking agencies are considering two possible options for the classification of open-end and closed-end retail loans. Under both options, open-end and closed-end retail loans that are past due 90 days from the contractual due date would be classified as Substandard. Under the first option, open-end and closed-end retail loans would be charged off when they are past due 150 days or more. Under the second option, open-end retail loans would be charged off at 180 days, and closed-end retail loans would be charged off at 120 days. The proposed Uniform Classification Policy also addresses the treatment of partial payments. Like the OTS definition, the proposed Uniform Classification Policy would consider a payment of 90 percent or more of the contract to be a full payment. However, the proposed policy also permits an institution to aggregate payments and give credit for any partial payments received.<sup>3</sup>

As noted above, the terms "consumer credit classified as a loss" and "slow consumer credit" are not used anywhere else in OTS regulations. Moreover, if the first option of the Uniform Classification Policy is adopted as proposed, the OTS definitions of consumer credit classified as a loss and slow consumer credit would conflict with the uniform interagency guidance. Accordingly, OTS is proposing to delete §§ 561.13 and 561.47. The OTS, however, solicits comment on whether these terms should be retained but revised to

<sup>1</sup> Thrift Activities Handbook, Section 260, Classification of Assets.

<sup>2</sup> 63 FR 36403 (July 6, 1998).

<sup>3</sup> The policy also addresses charge off policies for bankruptcies, fraud or deceased accounts, and other issues.