

it is determined that this proposal would not have federalism implications under Executive Order 13132.

For the reasons discussed above, I certify that this proposed regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

Boeing: Docket 2000-NM-147-AD.

Applicability: Model 777-200 series airplanes; line numbers (L/N) 1 through 29 inclusive, except L/N's 10, 14, and 18; certificated in any category; except those on which the outer cylinder of the main landing gear (MLG) has been replaced in accordance with Boeing Service Bulletin 777-32-0003, dated October 9, 1997.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (c) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent stress corrosion cracking and consequent fracture of the aft trunnion of the outer cylinder of the MLG, which could result in collapse of the MLG, accomplish the following:

Replacement of Bushings

(a) Within 5 years and 300 days since date of manufacture of the airplane, or within 1 year after the effective date of this AD, whichever occurs later, replace bushings in the aft trunnion of the outer cylinder with new bushings by doing paragraphs (a)(1), (a)(2), (a)(3), and (a)(4) of this AD; as applicable; in accordance with Boeing Alert Service Bulletin 777-32A0025, dated April 6, 2000.

(1) Remove bushings in the aft trunnion of the outer cylinder of the MLG.

(2) Perform a one-time detailed visual inspection of the aft trunnion area for corrosion or other damage.

(3) For airplanes listed in Group 1 of the service bulletin and the airplane having L/N 1: Replace grease in the undercut of the aft trunnion with corrosion-inhibiting compound.

(4) Install new bushings with corrosion-inhibiting compound.

Note 2: For the purposes of this AD, a detailed visual inspection is defined as: "An intensive visual examination of a specific structural area, system, installation, or assembly to detect damage, failure, or irregularity. Available lighting is normally supplemented with a direct source of good lighting at intensity deemed appropriate by the inspector. Inspection aids such as mirror, magnifying lenses, etc., may be used. Surface cleaning and elaborate access procedures may be required."

Note 3: For the purposes of this AD, the airplane having L/N 1 is considered to have the configuration of a Group 1 airplane.

Corrective Action

(b) If any corrosion or other damage is found during the inspection required by paragraph (a)(2) of this AD: Prior to further flight, repair in accordance with Boeing Alert Service Bulletin 777-32A0025, dated April 6, 2000; except, where the service bulletin specifies to contact Boeing for instructions, prior to further flight, repair in accordance with a method approved by the Manager, Seattle Aircraft Certification Office (ACO), FAA; or in accordance with data meeting the type certification basis of the airplane approved by a Boeing Company Designated Engineering Representative (DER) who has been authorized by the Manager, Seattle ACO, to make such findings. For a repair method to be approved by the Manager, Seattle ACO, as required by this paragraph, the approval letter must specifically reference this AD.

Alternative Methods of Compliance

(c) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Seattle ACO, FAA. Operators shall submit their requests through an appropriate FAA

Principal Maintenance Inspector, who may add comments and then send it to the Manager, Seattle ACO.

Note 4: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Seattle ACO.

Special Flight Permits

(d) Special flight permits may be issued in accordance with §§ 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Issued in Renton, Washington, on December 22, 2000.

John J. Hickey,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 00-33343 Filed 12-28-00; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 284

[Docket No. RM96-1-015]

Standards for Business Practices of Interstate Natural Gas Pipelines

December 21, 2000.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of staff technical conference.

SUMMARY: In Order No. 587-M, 65 FR 7728 (Dec. 11, 2000), the Federal Energy Regulatory Commission directed its staff to convene a technical conference concerning standards to permit shippers to designate and rank the contracts under which gas will flow on a pipeline's system. This notice establishes the date for the conference and the procedures by which interested parties can seek to participate in the conference.

DATES: The conference will be held February 27, 2001. Those interested in making presentations or participating in discussions should indicate their interest by January 16, 2001 by a letter addressed to the Secretary, Federal Energy Regulatory Commission.

ADDRESSES: Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC, 20426.

FOR FURTHER INFORMATION CONTACT: Michael Goldenberg, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

SUPPLEMENTARY INFORMATION:

Take notice that on February 27, 2001, the Staff of the Federal Energy Regulatory Commission will hold a public conference to discuss cross-contract ranking and confirmation standards as directed by the Commission in Order No. 587-M.¹ The conference will begin at 9:30 a.m. at the Commission's offices, 888 First Street, N.E., Washington, DC. All interested persons are invited to attend.

Cross-contract ranking refers to the ability of shippers to allocate gas supplies across transportation contracts so that the shipper can choose the contract which provides for the most economical transportation. The Gas Industry Standards Board (GISB) had considered a standard for cross-contract ranking which relied on entity-to-entity confirmation, but a number of parties raised objections to using this method of confirmation. As set forth in Order No. 587-M, the purpose of this conference is to obtain additional information about how confirmation is now conducted, to clarify what issues are in dispute, and to determine if common ground between the parties can be found. Among the issues identified by the Commissions to be considered at the conference are:

- How confirmation takes place using entity-to-entity confirmation and contract confirmation.
- How package identification currently is used in nomination and confirmation processes.
- How the issues relating to cross-contract ranking differ depending on the nomination model used by the pipeline, *i.e.*, pathed, non-pathed, or pathed non-threaded.
- Whether cross-contract ranking can be achieved efficiently without entity-to-entity confirmation.
- Whether verification of a shipper's contractual priority needs to occur on a daily basis through the confirmation process or whether priority can be verified in other ways, for example, by examining the shipper's contract or using the Index of Customers.
- Whether a uniform resolution of the need for supplemental information is needed or whether this issue can be resolved on a case-by-case basis, for example, by requiring those pipelines that previously provided contract information to continue that practice, while not imposing additional burdens on other pipelines.

- Whether, if confirmation of transportation priority is needed, a priority indicator would be a reasonably burden-free method of transmitting the information.²

- Whether entity-to-entity confirmation has value in simplifying the confirmation process or whether further disaggregation to the gas package identification level is necessary.

- Whether gas package identification would protect customers against the possibility that the seller will allocate all gas supplies to the highest price contract or whether such protection can be better achieved through the contract between buyer and seller. For instance, even if confirmation was at the package identification level, the seller would still rank the most expensive package first.

- Whether limiting confirmations to producers, rather than working interest owners, meaningfully reduces the confirmation burden.

- Whether producers can use independent third-parties, as opposed to commercially interested point operators, to handle the confirmation process with respect to that information considered the most sensitive.

In order to understand the issues raised by the parties, information is needed on the methods by which pipelines currently conduct nominations and confirmations. The conference, therefore, will be organized in two stages. The first stage will consist of presentations of factual information describing how the current nomination and confirmation process operates. The second will involve discussions among market participants as to the issues raised with respect to whether and how to standardize the confirmation process to permit cross-contract ranking.

The presentations should provide perspective on the ways in which pipelines across the grid now conduct nominations and confirmations. Such information should include: how different pipelines confirm, whether using the contract and entity-to-entity models or other models; how nominations and confirmations differ depending on whether the pipeline uses the pathed, non-pathed, or pathed non-threaded model; how package IDs are used; and the different confirmation models used in the production area.

Persons interested in making presentations or participating in the discussions should indicate their interest by January 16, 2001, by a letter

addressed to the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, and should refer to Docket No. RM96-1-015. Each request to participate must include a contact person, telephone number and E-mail address.

Each request also must indicate whether the person is interested in making a presentation or participating in the issue discussion. For those interested in making presentations, the request should indicate what topics the presentation will cover and how broadly the speaker can address nomination and confirmation practices with respect to multiple pipelines. Because of the need to limit the number of presentations, those with common interests are encouraged to choose a single spokesperson to represent their interests. Those interested in participating in the issue discussion should indicate what topics they are interested in discussing.

After receipt of the requests, a subsequent notice will be issued setting forth the conference format. Depending on the number of presentations, it may be necessary for presenters to meet with staff prior to the conference or through conference calls to coordinate the presentations.

The conference will be transcribed, so those not attending can review the proceedings. Additional comments on the issues raised by the conference can be filed within 30 days of the conference.

The Capitol Connection offers all Open and special FERC meetings live over the Internet as well as via telephone and satellite. For a reasonable fee, you can receive these meetings in your office, at home or anywhere in the world. To find out more about The Capitol Connection's live Internet, phone bridge, or satellite coverage, contact David Reininger or Julia Morelli at (703) 993-3100 or visit the website (www.capitolconnection.gmu.edu). The Capitol connection also offers FERC Open Meetings through its Washington, DC area television service.

In addition, National Narrowcast Network's Hearing-On-The-Line service covers all FERC meetings live by telephone so that interested persons can listen at their desks, from their homes, or from any phone, without special equipment. Billing is based on time on-line. Call (202) 966-2211.

Those interested in obtaining transcripts of the conference need to contact Ace Federal Reporters, at 202-347-3700. Anyone interested in purchasing videotapes of the meeting should call VISCOCM at (703) 715-7999.

¹ Standards for Business Practices of Interstate Natural Gas Pipelines, Order No. 587-M, 65 FR 77285 (Dec. 11, 2000), 93 FERC ¶ 61,223 (November 30, 2000), III FERC Stats. & Regs. Regulations Preambles ¶ (Nov. 30, 2000).

² See Comments on Proposed Rule of National Fuel Gas Distribution Corporation, Docket No. RM96-1-015, at 8 (filed August 7, 2000) (proposing use of capacity-type indicator to transmit information about transportation priorities).

Questions about the conference should be directed to: Michael Goldenberg, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426; 202-208-2294, michael.goldenberg@ferc.fed.us.

Linwood A. Watson, Jr.,

Acting Secretary.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-251701-96]

RIN 1545-AU76

Electing Small Business Trust

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: This document contains proposed regulations relating to the qualification and treatment of electing small business trusts (ESBTs). The proposed regulations interpret the rules added to the Internal Revenue Code (Code) by section 1302 of the Small Business Job Protection Act of 1996 and section 1601 of the Taxpayer Relief Act of 1997. In addition, the text of the temporary regulations published elsewhere in this issue of the **Federal Register** also serves as the text of these proposed regulations with respect to an ESBT or a trust described in section 401(a) or section 501(c)(3) that is exempt from taxation under section 501(a) not being treated as a deferral entity for purposes of § 1.444-2T. The proposed regulations affect S corporations and certain trusts that own S corporation stock. This document also provides notice of a public hearing on these regulations.

DATES: Written or electronic comments must be received by April 4, 2001. Requests to speak (with outlines of oral comments to be discussed) at a public hearing scheduled for April 25, 2001, at 10 a.m. must be received by April 4, 2001.

ADDRESSES: Send submissions to: CC:M&SP:RU (REG-251701-96), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m.

and 5 p.m. to: CC:M&SP:RU (REG-251701-96), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.gov/tax_regs/reglist.html. The public hearing will be held in the Internal Revenue Building Auditorium, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Bradford Poston or James A. Quinn, (202) 622-3060; concerning submissions and the hearing, Sonya M. Cruz, (202) 622-7190; (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information in this notice of proposed rulemaking have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control numbers 1545-1523 and 1545-1591.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

This document contains proposed amendments to the Income Tax Regulations (26 CFR Part 1) relating to S corporations and electing small business trusts (ESBTs). Section 1302 of the Small Business Job Protection Act of 1996, Public Law 104-188 (110 Stat. 1755) (August 20, 1996) (the 1996 Act), amended sections 641 and 1361 of the Code to permit an ESBT to be an S corporation shareholder. Further amendments were made to section 1361(e) by the Taxpayer Relief Act of 1997, Public Law 105-34 (111 Stat. 1601(c)(1)) (August 5, 1997). Prior section 641(d) was redesignated as section 641(c) by the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law 105-206 (112 Stat. 6007(f)(2)) (July 22, 1998).

Explanation of Provisions

Overview

Prior to the 1996 Act, the only trusts that were permitted S corporation shareholders were wholly-owned grantor trusts, voting trusts, certain grantor trusts after the grantor's death, and qualified subchapter S trusts (QSSTs). These trusts are not taxed at the trust level, and the deemed owner or owners are taxed directly on the tax items of the trusts, except for certain testamentary trusts described in § 1.1361-1(j)(7)(ii). QSSTs are required to have a single income beneficiary, and all of the income must be currently distributed to such beneficiary. The 1996 Act created ESBTs to allow more flexibility in the types of trusts that are permitted S corporation shareholders and, in particular, to facilitate family financial planning. H. Rep. No. 586, 104th Cong., 2d Sess. 82 (1996), S. Rep. No. 281, 104th Cong., 2d Sess. 46 (1996). Unlike a QSST, an ESBT may have multiple beneficiaries and may also accumulate trust income.

Section 1361(e)(1) defines the term *electing small business trust* as any trust if: (1) The trust does not have as a beneficiary any person other than an individual, an estate, or an organization described in section 170(c)(2) through (5); (2) no interest in the trust was acquired by purchase; and (3) an election has been made with respect to the trust.

Section 1361(c)(2)(B)(v) provides that, for purposes of section 1361(b)(1) (the S corporation shareholder limitations), each potential current beneficiary of an ESBT will be treated as a shareholder. During any period that there is no potential current beneficiary of an ESBT, the trust shall be treated as the shareholder.

ESBT Beneficiaries

Notice 97-49 (1997-2 C.B. 304) clarifies the definitions of beneficiary (for purposes of section 1361(e)(1)(A)(i)) and potential current beneficiary (for purposes of section 1361(e)(2)) and also clarifies the treatment of ESBT distributions. The proposed regulations, when finalized, will modify and replace the rules of Notice 97-49.

Beneficiary

The proposed regulations provide guidance as to who is an ESBT beneficiary. Generally, a beneficiary includes any person who has a present, remainder, or reversionary interest in the trust other than a remote, contingent interest. If an ESBT makes distributions to another trust (the distributee trust), the distributee trust is not treated as a