

Notice of final action on the petition will be published in the **Federal Register** pursuant to the authority indicated below.

**Authority:** 49 U.S.C. 30141(a)(1)(A) and (b)(1); 49 CFR 593.8; delegations of authority at 49 CFR 1.50 and 501.8.

Issued on: January 12, 2004.

**Kenneth N. Weinstein,**

*Associate Administrator for Enforcement.*

[FR Doc. 04-926 Filed 1-14-04; 8:45 am]

BILLING CODE 4310-84-U

## DEPARTMENT OF TRANSPORTATION

### Research and Special Programs Administration

[Docket No. RSPA-03-15122; Notice 2]

#### Pipeline Safety: Petition for Waiver; Duke Energy Gas Transmission Company

**AGENCY:** Research and Special Programs Administration (RSPA), DOT.

**ACTION:** Notice of intent to consider waiver.

**SUMMARY:** Duke Energy Gas Transmission Company (DEGT) petitioned the Research and Special Programs Administration's (RSPA) Office of Pipeline Safety (OPS) for a waiver of compliance with provisions of 49 CFR 192.611, which requires pipeline operators to confirm or revise the maximum allowable operating pressure (MAOP) of their pipelines after a class location change. DEGT proposes an alternative set of risk control activities in lieu of a reduction in pressure or pressure testing of selected pipeline segments in Pennsylvania that have changed from Class 1 to Class 2.

**DATES:** Persons interested in submitting written comments on the waiver proposed in this notice must do so by February 17, 2004. Late-filed comments will be considered so far as practicable.

**ADDRESSES:** You may submit written comments by mailing or delivering an original and two copies to the Dockets Facility, U.S. Department of Transportation, Room PL-401, 400 Seventh Street, SW., Washington, DC 20590-0001. The Dockets Facility is open from 10 a.m. to 5 p.m., Monday through Friday, except on Federal holidays when the facility is closed. Alternatively, you may submit written comments to the docket electronically at the following Web address: <http://dms.dot.gov>.

All written comments should identify the docket and notice numbers stated in the heading of this notice. Anyone who wants confirmation of mailed comments

must include a self-addressed stamped postcard. To file written comments electronically, after logging on to <http://dms.dot.gov>, click on "Comment/Submissions." You can also read comments and other material in the docket at <http://dms.dot.gov>. General information about our pipeline safety program is available at <http://ops.dot.gov>.

Anyone is able to search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (Volume 65, Number 70; Pages 19477-78) or you may visit <http://dms.dot.gov>.

**FOR FURTHER INFORMATION CONTACT:** James Reynolds by phone at (202) 366-2786, by fax at (202) 366-4566, by mail at U.S. DOT, Research and Special Programs Administration, Office of Pipeline Safety, 400 Seventh Street, SW., Washington, DC 20590, or by e-mail at [james.reynolds@rspa.dot.gov](mailto:james.reynolds@rspa.dot.gov).

#### SUPPLEMENTARY INFORMATION:

##### 1. Background

DEGT petitioned RSPA/OPS for a waiver from compliance with 49 CFR 192.611 for selected gas transmission pipeline segments in Pennsylvania. DEGT is asking for a waiver from the requirement to revise the MAOP or upgrade pipeline segments after a class location change. DEGT asserts that these alternative risk control activities will provide an equal or higher level of safety than that currently provided by the pipeline safety regulations.

The Federal pipeline safety regulations at § 192.609 require a gas pipeline operator to complete a class location change study whenever it believes an increase in population density may have caused a change in class location as defined in § 192.5. If a new class location is confirmed, the operator is required to either reduce pressure or replace the pipe to lower pipe wall stress in compliance with § 192.611.

Section 192.5(a)(1) defines a "class location unit" as an onshore area extending 220 yards (200 meters) on either side of the centerline of any continuous one-mile length of pipeline. The Class Location for any class location unit is determined according to the following criteria in § 192.5(b):

Class 1—10 or fewer buildings intended for human occupancy;

Class 2—more than 10 but less than 46 buildings intended for human occupancy;

Class 3—46 or more buildings intended for human occupancy, or areas where a pipeline lies within 100 yards (91 meters) of either a building or a small, well-defined outside area (such as a playground, recreation area, outdoor theater, or other place of public assembly) that is occupied by 20 or more persons on at least 5 days a week for 10 weeks in any 12-month period;

Class 4—buildings with four or more stories above ground are prevalent (e.g., large office buildings).

The pipeline safety regulations impose more stringent design and operation requirements as the class location increases. When a class location changes to a higher class (e.g., from Class 1 to Class 2) and the hoop stress corresponding to the established MAOP of the segment is not commensurate with the present class location, the MAOP must be confirmed by pressure test or revised using one of the options specified in § 192.611(a). An operator may avoid reducing the pressure, in some cases, if a previous pressure test is adequate to support operation at the existing pressure in the new class location—this is providing that the corresponding hoop stress does not exceed 72 percent Specified Maximum Yield Strength (SMYS) of the pipe in Class 2 locations, 60 percent SMYS in Class 3 locations, or 50 percent SMYS in Class 4 locations. Alternatively, the operator may need to reduce the pressure or replace the pipe with new pipe.

##### 2. DEGT's Proposed Waiver

DEGT's request for a waiver of the requirements of § 192.611 is specific to four pipeline segments on Line 12 and Line 19, which are part of its Texas Eastern Pipeline System in the state of Pennsylvania. These segments are located in the towns of Entriiken, Perulack, Bernville, and Bechtelsville. The pipelines are 24-inch and 30-inch in diameter and the class locations have changed from Class 1 to Class 2. If this waiver is granted, DEGT intends to apply the alternative set of risk reduction strategies to any future sites changing from Class 1 to Class 2 on Lines 12 and Lines 19 of these four compressor station discharges, provided the pipelines satisfy the technical conditions presented in this petition for waiver.

When these pipelines were built between 1954 through 1963, they were hydrotested to at least 100% of the pipe's SMYS with the exception of 10 feet of pipe on the Bechtelsville

discharge line, which was tested to 90% SMYS.

DEGT has internally inspected each of these pipelines. DEGT first inspected the pipelines in 1986 using Tuboscope's conventional magnetic flux leakage (MFL) tool. Between 1996 and 2002, DEGT performed a second inspection of these lines using Tuboscope's conventional MFL tool and Tuboscope's high resolution MFL tool.

During the same years, DEGT also inspected and evaluated the condition of the coal tar enamel pipeline coatings and evaluated the cathodic protection current demands on each of the pipelines. DEGT reported that the coatings were in good condition and that the cathodic protection systems were not experiencing excessive current demands.

All of the proposed DEGT waiver segments have changed from Class 1 to Class 2 due to the construction of additional buildings intended for human occupancy. DEGT has stated that to provide reliable natural gas service to its customers, it cannot operate the proposed waiver segments at reduced pressure. Consequently, to comply with the pipeline safety regulation, DEGT would be required to replace the pipe in the waiver segments in compliance with § 192.611. By replacing the existing pipe with new pipe, DEGT will eliminate the possibility that defects or corrosion in the original material was a contributing factor to the cause of failure of their pipeline.

### 3. DEGT Proposed Alternative

In lieu of compliance with § 192.611, DEGT proposes to conduct the following activities to ensure the integrity of the pipeline segments in this proposed waiver. DEGT has proposed the following criteria for inclusion under this waiver of the current class location sites and any future sites changing from Class 1 to Class 2 on the four compressor station discharges:

1. All site(s) covered by this waiver have been in-line inspected at least twice between 1986 and 2002 using a MFL tool capable of detecting corrosion anomalies in the pipeline section;

2. All actionable anomalies within the site(s) have either been remediated or are scheduled to be investigated, and subsequently remediated, if necessary, as defined in ASME B31.8S and DEGT Pipeline Repair procedures. A schedule of remedial measures to be performed on future waiver sites will be submitted to OPS headquarters and OPS regional offices;

3. For future sites covered by this waiver, DEGT will use tools and techniques developed through the

activities described in the waiver request for the identification, classification and possible remediation of dents;

4. The site(s) must pass a hydrostatic test to a pressure of at least 125% of the MAOP of the pipeline. DEGT will make available to RSPA/OPS a report of all hydrostatic test failures experienced at this test pressure;

5. Subsequent in-line inspection for the site(s) is scheduled in accordance with re-inspection criteria (developed under calendar year 2004 #5 below);

6. The site(s) must be in compliance with ASME B31.8S criteria for Stress Corrosion Cracking (SCC) site identification and site investigation/testing (including any additional criteria developed in conjunction with SCC activities under calendar year 2004 #7 below).

DEGT has already satisfied the above criteria for the current pipeline segments proposed in this waiver request. DEGT commits to provide the OPS' Eastern Region with sufficient notice to enable RSPA/OPS staff to attend and participate in all risk assessment activities. DEGT has proposed the following schedule of near-term and long-term activities to help maintain pipeline integrity on the proposed waiver segments.

In 2003—

1. Begin a close interval survey on the pipeline at Perulack to support development of confirmatory direct assessment protocols (complete as weather allows by Spring 2004);

2. Begin a direct current voltage gradient (DCVG) survey on one line at Perulack (same line as #1 above) to support external corrosion direct assessment (ECDA) validations (complete as weather allows by Spring 2004);

In 2004—

3. Conduct a high resolution MFL tool run for Bechtelsville Line 12;

4. Conduct high resolution geometry tool runs on Entriken Line 19, Perulack Line 19 and Bechtelsville Line 12;

5. Develop criteria and a decision tree for determination of in-line inspection (ILI) re-inspection interval in accordance with gas integrity management program procedures;

6. Develop calibration and validation methodology and decision tree for ILI that incorporates API 1163 (currently under development);

7. Develop an SCC management plan consistent with ASME B31.8S that includes hydrostatic test criteria, site selection criteria, and SCC excavation criteria;

8. Develop an investigation strategy for topside dents and best practice

responses to topside dents caused by third party damage;

9. Provide site and operating support for the Pipeline Research Council International, Inc. (PRCI) Compendium of Best Practices and Emerging Technologies for the Prevention and Detection of Outside Damage to Pipelines with P-PIC that will develop a "User Guide" for outside force damage technologies;

10. Develop a Web site for RSPA/OPS access on waiver-related sites and data. Provide public access to website as needed to support application of API RP 1162;

11. Deploy acoustic monitoring technology in conjunction with GTI/Battelle research project at a site to be determined with Battelle for a data gathering test period of one year;

In 2005—

12. Overlay the high resolution MFL run data with the high resolution geometry tool data on the Entriken Line 19, Perulack Line 19, and Bechtelsville Line 12 pipeline sections. Overlay available hydrostatic test data from Bechtelsville Line 12 and Line 19 with identified dents. Overlays will be used in an effort to refine dent remediation criteria;

13. Develop criteria for safe in service investigation of dents.

### 4. RSPA/OPS Consideration of Waiver

To allow adequate time for full development of the waiver proposal, DEGT petitioned RSPA/OPS on February 28, 2003 for a 12-month extension to comply with the provisions of § 192.611(d), which requires an operator to confirm or revise the MAOP within 18 months after a class location change. On June 11, 2003, RSPA/OPS published a notice seeking comment on this petition for an extension of time for DEGT to propose technical alternatives to compliance with the regulation. RSPA/OPS did not receive comments on this notice. DEGT presented its waiver proposal to RSPA/OPS staff during several meetings in April, June, July, August, and September 2003. On October 7, 2003, DEGT presented its alternative technical proposal in support of the proposed waiver of § 192.611.

As part of granting this waiver request, RSPA/OPS will consider the cause(s) and contributing factor(s) leading up to the pipeline failure on Duke's 30 -inch, Line 15, which extends from Danville, Kentucky to Owingsville, Kentucky in Bath County. Line 15 is an interstate, natural gas transmission line. It is part of the Kosciusko system that transports natural gas from northeast Mississippi across the northeastern

corner of Alabama into Tennessee. The pipeline continues in a northeasterly direction through eastern Kentucky passing through Danville and Owingsville, Kentucky into southwest Ohio; the pipeline terminates in southeastern Pennsylvania, near Uniontown.

This notice provides an opportunity for public comment on the DEGT waiver proposal. RPSA/OPS is evaluating the DEGT proposal and will consider all comments received by the deadline. RSPA/OPS will publish a subsequent notice granting or denying DEGT's proposed waiver of § 192.611. If DEGT's proposal is determined to yield an equal or higher level of safety, RSPA/OPS will grant the waiver. If the waiver is not granted, DEGT will be required to fully comply with § 192.611 by September 2004.

**Authority:** 49 App. U.S.C. 60118(c) and 2015; and 49 CFR 1.53

Issued in Washington, DC on January 9, 2004.

**Richard D. Huriaux,**

*Manager, Regulations, Office of Pipeline Safety.*

[FR Doc. 04-923 Filed 1-14-04; 8:45 am]

**BILLING CODE 4910-60-P**

## DEPARTMENT OF TRANSPORTATION

### Surface Transportation Board

[STB Finance Docket No. 34446]

#### **Bay Colony Railroad Corporation—Acquisition and Operation Exemption—CSX Transportation, Inc., as Operator for New York Central Lines, LLC**

Bay Colony Railroad Corporation (BCLR), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 *et seq.* to acquire from CSX Transportation, Inc., as operator for New York Central Lines, LLC (CSXT), and operate approximately 5.92 miles of rail line between milepost QND 0.08 and milepost QND 6.00, in Bristol County, MA.<sup>1</sup>

BCLR certifies that its projected revenues as a result of this transaction will not result in the creation of a Class II or Class I rail carrier. BCLR further certifies that its total annual revenues after the transaction will not exceed \$5 million. BCLR expected to commence operation of the line on or about January 1, 2004.

If the verified notice contains false or misleading information, the exemption

is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34446, must be filed with the Surface Transportation Board, 1925 K Street, NW., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Eric M. Hocky, Gollatz, Griffin & Ewing, P.C., Four Penn Center, Suite 200, 1600 John F. Kennedy Blvd., Philadelphia, PA 19103-2808.

Board decisions and notices are available on our Web site at <http://www.stb.dot.gov>.

Decided: January 12, 2004.

By the Board, David M. Konschnick, Director, Office of Proceedings.

**Vernon A. Williams,**

*Secretary.*

[FR Doc. 04-981 Filed 1-14-04; 8:45 am]

**BILLING CODE 4915-00-P**

## DEPARTMENT OF THE TREASURY

### Office of the Secretary

#### **Notice of Call for Redemption: 9½ Percent Treasury Bonds of 2004-09**

January 15, 2004.

1. Public notice is hereby given that all outstanding 9½ percent Treasury Bonds of 2004-09 (CUSIP No. 912810 CG 1) dated May 15, 1979, due May 15, 2009, are hereby called for redemption at par on May 15, 2004, on which date interest on such bonds will cease.

2. Full information regarding the presentation and surrender of such bonds held in coupon and registered form for redemption under this call will be found in Department of the Treasury Circular No. 300 dated March 4, 1973, as amended (31 CFR part 306), and from the Definitives Section of the Bureau of the Public Debt, (telephone (304) 480-7936), and on the Bureau of the Public Debt's Web site, [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov).

3. Redemption payments for such bonds held in book-entry form, whether on the books of the Federal Reserve Banks or in Treasury-Direct accounts, will be made automatically on May 15, 2004.

**Donald V. Hammond,**

*Fiscal Assistant Secretary.*

[FR Doc. 04-745 Filed 1-14-04; 8:45 am]

**BILLING CODE 4810-40-M**

## DEPARTMENT OF THE TREASURY

### Fiscal Service

#### **Application and Renewal Fees Imposed on Surety Companies and Reinsuring Companies; Increase in Fees Imposed**

**AGENCY:** Financial Management Service, Fiscal Service, Department of the Treasury.

**ACTION:** Application and renewal fees imposed on surety companies and reinsuring companies; increase in fees imposed.

**SUMMARY:** Effective December 31, 2003, The Department of the Treasury, Financial Management Service, is increasing the fees it imposes on and collects from surety companies and reinsuring companies.

**FOR FURTHER INFORMATION CONTACT:** Surety Bond Branch at (202) 874-6765.

**SUPPLEMENTARY INFORMATION:** The fees imposed and collected, as referred to in 31 CFR 223.22, cover the costs incurred by the Government for services performed relative to qualifying corporate sureties to write Federal business. These fees are determined in accordance with the Office of Management and Budget Circular A-25, as amended. The change in fees is the result of a thorough analysis of costs associated with the Surety Bond Branch.

The new fee rate schedule is as follows:

(1) Examination of a company's application for a Certificate of Authority as an acceptable surety or as an acceptable reinsuring company on Federal bonds—\$5,650.

(2) Determination of a company's continued qualification for annual renewal of its Certificate of Authority—\$3,310.

(3) Examination of a company's application for recognition as an Admitted Reinsurer (except on excess risks running to the United States)—\$2,000.

(4) Determination of a company's continued qualification for annual renewal of its authority as an Admitted Reinsurer—\$1,410.

Questions concerning this notice should be directed to the Surety Bond Branch, Financial Accounting and Services Division, Financial Management Service, Department of the Treasury, Hyattsville, MD 20782, Telephone (202) 874-6850.

<sup>1</sup>BCLR is purchasing the assets comprising the line, and is leasing the underlying real property from CSXT.