

3. 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.

We prepared a regulatory evaluation of the estimated costs to comply with this proposed AD. See the **ADDRESSES** section for a location to examine the regulatory evaluation.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 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. The FAA amends § 39.13 by adding the following new airworthiness directive (AD):

Boeing: Docket No. FAA-2004-19203; Directorate Identifier 2004-NM-109-AD.

Comments Due Date

(a) The Federal Aviation Administration (FAA) must receive comments on this AD action by November 15, 2004.

Affected ADs

(b) None.

Applicability

(c) This AD applies to Model 757-200 series airplanes, certificated in any category, as listed in Boeing Service Bulletin 757-25-0255, dated December 11, 2003.

Unsafe Condition

(d) This AD was prompted by a certification review that revealed a frequency converter failure mode not identified in the original system design. We are issuing this AD to prevent a short circuit between the frequency converter output and the distribution circuit breakers, which could result in overheating and failure of adjacent wiring and consequent degraded operation of airplane systems.

Compliance

(e) You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

Modification

(f) For all airplanes: Within 18 months after the effective date of this AD: Modify the frequency converters located in the closet assembly in the passenger compartment by doing all the applicable actions in accordance with the Accomplishment

Instructions of Boeing Service Bulletin 757-25-0255, dated December 11, 2003.

Prior or Concurrent Modification

(g) For Group 1 airplanes listed in Boeing Service Bulletin 757-24-0093, dated August 14, 2003: Before or concurrent with accomplishment of paragraph (f) of this AD, Modify the in-flight entertainment system by doing all the applicable actions in accordance with Boeing Service Bulletin 757-24-0093, dated August 14, 2003.

Part Installation

(h) As of the effective date of this AD, no person may install a frequency converter having part number 1-002-0102-0730 on any airplane unless it has been modified as required by paragraph (f) of this AD.

Alternative Methods of Compliance (AMOCs)

(i) The Manager, Seattle Aircraft Certification Office, FAA, has the authority to approve AMOCs for this AD, if requested in accordance with the procedures found in 14 CFR 39.19.

Issued in Renton, Washington, on September 21, 2004.

Kalene C. Yanamura,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 04-21818 Filed 9-28-04; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2002-NM-257-AD]

RIN 2120-AA64

Airworthiness Directives; Airbus Model A319, A320, and A321 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Proposed rule; withdrawal.

SUMMARY: This action withdraws a notice of proposed rulemaking (NPRM) that proposed a new airworthiness directive (AD), applicable to certain Airbus Model A319, A320, and A321 series airplanes. That action would have required replacement of the lightweight tailpipes of the auxiliary power units (APU). Since the issuance of the NPRM, the Federal Aviation Administration (FAA) has received additional information, based on which we have determined that the tailpipes are very light, and that the chances of any injury to persons or damage to equipment from the part being ejected from the APU exhaust duct are minimal. Also, we have determined that 100 percent of the U.S. operators have done the proposed

replacement. Accordingly, the proposed rule is withdrawn.

FOR FURTHER INFORMATION CONTACT: Gary Lium, Aerospace Engineer; International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-1112; fax (425) 227-1149.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to add a new airworthiness directive (AD), applicable to certain Airbus Model A319, A320, and A321 series airplanes, was published in the **Federal Register** as a Notice of Proposed Rulemaking (NPRM) on June 18, 2004 (69 FR 34096). The proposed rule would have required replacement of the lightweight tailpipes of the APU. That action was prompted by reports that stress cracking stemming from design issues had been discovered in the inner liners of the lightweight tailpipes of certain APUs. The proposed actions were intended to prevent stress cracking of the tailpipe inner liner from possibly causing the tailpipe to become separated from the APU during operation, which could have posed a hazard to persons on the ground.

Actions that Occurred Since the NPRM Was Issued

Since the issuance of that NPRM, we have received additional information. The failed part, a sheet metal ring that forms a portion of the tailpipe, weighs less than one pound. If the part does fail and come off, it will blow out the back and not interfere with continued APU or airplane operation. We have determined that the probability of any injury to persons or damage to equipment from the part being ejected from the APU exhaust duct is minimal. Also, we have determined that 100 percent of the U.S. operators have done the proposed replacement.

FAA's Conclusions

Upon further consideration, the FAA has determined that the identified unsafe condition does not exist on the affected airplanes. Accordingly, the proposed rule is hereby withdrawn.

Withdrawal of this NPRM constitutes only such action, and does not preclude the agency from issuing another action in the future, nor does it commit the agency to any course of action in the future.

Regulatory Impact

Since this action only withdraws a notice of proposed rulemaking, it is neither a proposed nor a final rule and therefore is not covered under Executive Order 12866, the Regulatory Flexibility

Act, or DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979).

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Withdrawal

Accordingly, the notice of proposed rulemaking, Docket 2002–NM–257–AD, published in the **Federal Register** on June 18, 2004 (69 FR 34096), is withdrawn.

Issued in Renton, Washington, on September 20, 2004.

Kalene C. Yanamura,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 04–21817 Filed 9–28–04; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 35, 41, 101, 141

[Docket No. RM04–12–000]

Financial Reporting and Cost Accounting, Oversight and Recovery Practices for Regional Transmission Organizations and Independent System Operators

September 16, 2004.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of inquiry.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is inviting comments on its accounting and financial reporting requirements for and oversight of regional transmission organization (RTO) and independent system operator (ISO) costs.

DATES: Comments on this NOI are due on November 4, 2004.

ADDRESSES: Comments may be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. Commentors unable to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street NE., Washington, DC 20426. Refer to the Procedure for Comments section of the preamble for additional information on how to file comments.

FOR FURTHER INFORMATION CONTACT: Mark Hegerle (Technical Information), Office of Markets, Tariffs & Rates—Central, Federal Energy Regulatory

Commission, 888 First Street, NE., Washington, DC 20426, (202) 502–8287, Mark.Hegerle@ferc.gov.

Mark Klose (Accounting Information), Office of Executive Director—Regulatory Accounting Policy Division, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502–8283, Mark.Klose@ferc.gov.

Lodie White (Legal Information), Office of General Counsel—Markets, Tariffs & Rates, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502–6193, Lodie.White@ferc.gov.

SUPPLEMENTARY INFORMATION:

Notice of Inquiry

Introduction

1. The Federal Energy Regulatory Commission (Commission) is issuing this Notice of Inquiry to seek comments on its accounting and financial reporting requirements for and oversight of regional transmission organization (RTO) and independent system operator (ISO) costs. Specifically, the Commission is undertaking a review of:

(a) Whether changes are needed to the Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act (USofA), (18 CFR part 101), to better account and report RTO and ISO financial information to the Commission, in order to provide greater transparency of transactions and business functions affecting these entities and their member transmission-owning public utilities;

(b) Whether RTOs and ISOs have appropriate incentives to be cost efficient; and

(c) Whether the Commission's rate review methods for RTOs and ISOs are sufficient.

Background

2. In Order No. 888,¹ the Commission encouraged but did not require the formation of ISOs—-independent entities that administer regional transmission tariffs and control the transmission facilities of their member transmission-owning utilities. Rather, Order No. 888 delineated eleven principles defining the operations and structure of a properly functioning ISO. Likewise, in

¹ Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 FR 21,540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888–A, 62 FR 12,274 (March 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888–B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888–C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom.* Transmission Access Policy Study Group, *et al.* v. 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom.* *New York v. FERC*, 535 U.S. 1 (2002).

Order No. 2000,² the Commission encouraged utilities to voluntarily join RTOs, and detailed certain functions an RTO must perform and characteristics that an RTO should have.³ However, in neither rule did the Commission promulgate specific accounting rules or rate review principles for the new entities. The Commission instead chose to rely on existing rules and policies applicable to traditional public utilities, *i.e.*, principally investor-owned utilities (IOUs).

3. Over the past seven years, beginning in 1997, the Commission issued a series of orders approving several ISOs and RTOs which have since commenced operations. PJM Interconnection, LLC (PJM), ISO New England, Inc. (ISO–NE), and Midwest Independent Transmission System Operator, Inc. (Midwest ISO) were first approved (or conditionally approved) as ISOs and later as RTOs; New York Independent System Operator, Inc. (NYISO) and California Independent System Operator, Inc. (CAISO) were approved as ISOs. The Commission has also conditionally approved Southwest Power Pool, Inc. (SPP), which currently operates a regional transmission tariff, as an RTO. The Commission also conditionally approved a number of other RTOs and ISOs which have not commenced operations.⁴

4. Each of these entities developed independent of one another, using somewhat different business models, software, accounting methods, and rate designs to accomplish the same ultimate goal of providing open-access (non-discriminatory) regional transmission service. In addition, some of these entities administer centrally-dispatched, competitive energy markets. These differences have made comparisons between entities difficult and raised questions concerning the Commission's current accounting and financial reporting rules and our current rate review practices for RTOs and ISOs.

5. Nevertheless there are similarities among RTOs and ISOs as well. Each RTO/ISO administers a regional transmission tariff and performs system monitoring and planning, as well as

² Regional Transmission Organizations, Order No. 2000, 65 FR 809 (January 6, 2000), FERC Stats. & Regs., ¶ 31,089 (1999), *order on reh'g*, Order No. 2000–A, 65 FR 12,088 (March 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *affirmed sub nom.* *Public Utility District No. 1 of Snohomish County, Washington, et al. v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

³ ISOs and RTOs are, in many respects, similar, with one major difference being that RTOs must meet more stringent independence and scope and configuration standards.

⁴ RTO West (now Grid West), WestConnect, GridFlorida, GridSouth, and SeTrans.