Vermont and Franklin and Berkshire Counties in Massachusetts.

f. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791a–825r.

g. *Applicant Contacts:* For Transferor: William J. Madden, Jr., John A. Whittaker, IV, Winston & Strawn, 1400 L Street, NW., Washington, DC 20005, (202) 371–5700. For Transferee: Kenneth L. Wiseman, Andrews Kurth LLP, 1701 Pennsylvania Ave., NW., Suite 300, Washington, DC 20006, (202) 662–2700.

h. *FERC Contact:* James Hunter, (202) 502–6086

i. *Deadline for Filing Comments, Protests, and Motions to Intervene:* December 13, 2004.

All documents (original and eight copies) should be filed with: Magalie R. Salas, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426. Comments, protests, and interventions may be filed electronically via the Internet in lieu of paper; *see* 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site under the ''e-Filing'' link. The Commission strongly encourages electronic filings. Please include the Project Number(s) on any comments or motions filed.

The Commission's Rules of Practice and Procedure require all interveners filing a document with the Commission to serve a copy of that document on each person in the official service list for the project. Further, if an intervener files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the documents on that resource agency.

j. *Description of Application:* The applicants seek Commission approval to transfer the licenses for the projects listed in item e. from USGenNE to TC Hydro NE.

k. This filing is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's Web site at *http://www.ferc.gov* using the ''FERRIS'' link. Enter the docket number (P–1855, etc.) in the docket number field to access the document. For assistance, call toll-free 1–866–208–3676 or e-mail *FERCOnlineSupport@ferc.gov*. For TTY, call (202) 502–8659. A copy is also available for inspection and reproduction at the addresses in item g. above.

l. Individuals desiring to be included on the Commission's mailing list should so indicate by writing to the Secretary of the Commission.

m. *Comments, Protests, or Motions to Intervene*—Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

n. *Filing and Service of Responsive Documents*—Any filings must bear in all capital letters the title ''COMMENTS'', ''PROTEST'', or ''MOTION TO INTERVENE'', as applicable, and the Project Number of the particular application to which the filing refers. Any of the above-named documents must be filed by providing the original and eight copies to: The Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426. A copy of any motion to intervene must also be served upon each representative of the Applicant specified in the particular application.

o. *Agency Comments*—Federal, State, and local agencies are invited to file comments on the described application. A copy of the application may be obtained by agencies directly from the Applicant. If an agency does not file comments within the time specified for filing comments, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

Magalie R. Salas,

Secretary.

[FR Doc. E4–3252 Filed 11–18–04; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. AI05–1–000]

Accounting for Pipeline Assessment Costs; Notice of Proposed Accounting Release

November 5, 2004.

Take notice that the Chief Accountant of the Federal Energy Regulatory Commission proposes to issue an Accounting Release (attached) to provide guidance on accounting for pipeline assessment activities. The proposed Accounting Release would require an entity to recognize costs incurred in performing pipeline assessments that are a part of a pipeline integrity management program as maintenance expense and would apply to all Commission jurisdictional entities.

The Commission has reviewed the proposed Accounting Release. At the conclusion of the comment period specified at the end of this notice, the Chief Accountant will consider the comments received, make any necessary changes and circulate the proposed final Accounting Release to the Commission for review. Upon the Commission's approval, a final Accounting Release will be issued by the Chief Accountant.

All interested parties are invited to send electronic or written comments on all matters in this proposed Accounting Release to the Commission. Comments are requested from those who agree with the provisions of the proposed Accounting Release as well as from those who do not. Comments are most helpful if they identify the issues or specific paragraph or group of paragraphs to which they relate and clearly explain the problem or question. Those who disagree with provisions of this proposed Accounting Release are asked to describe their suggested alternatives, supported by specific reasoning.

Specifically, responses to the following questions are requested:

1. The Proposed Accounting Release concludes that pipeline assessment activities performed as part of a pipeline integrity management program should be accounted for as maintenance expense. Do you agree or disagree with the conclusion? If you disagree, please provide your alternative view and basis for it.

2. Are there instances, other than in connection with a major pipeline rehabilitation project, where pipeline assessment costs should be capitalized? If so, please provide particulars of the circumstances under which the costs would qualify for capitalization, the applicable Uniform System of Accounts Instruction and/or other authoritative literature that supports such a determination.

3. This proposed Accounting Release contemplates an effective date of January 1, 2005. Should this Accounting Release instead be applied retroactively for all periods? If so, provide a basis for your conclusion.

The Commission encourages electronic submission of comments in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov*. Persons unable to file electronically should submit an original and 14 copies of their comments to the Federal Energy

Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

In addition to publishing the full text of this document in the **Federal Register,** the filing is accessible online at *http://www.ferc.gov,* using the ''eLibrary'' link and is available for review in the Commission's Public Reference Room in Washington, DC. There is an ''eSubscription'' link on the Web site that enables subscribers to receive e-mail notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please e-mail *FERCOnlineSupport@ferc.gov,* or call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Comment Date: December 20, 2004.

Magalie R. Salas,

Secretary.

Attachment—Federal Energy Regulatory Commission Proposed Accounting Release No. 18 Accounting for Pipeline Assessment Costs

Summary

1. This Accounting Release clarifies that the pipeline assessment costs of a pipeline integrity management program are properly accounted for as maintenance and charged to expense in the period incurred. These costs generally include hydrostatic testing, smart pigging, and direct pipeline assessment techniques.

Reasons for Issuing Accounting Release

2. The Commission has become aware of diverse practices in accounting for pipeline assessment activities. For example, some entities view pipeline assessments as activities performed specifically for the purpose of testing and reporting on the condition and integrity of the existing pipeline to prevent failure and recognize these costs as maintenance expense. While other entities capitalize some or all pipeline assessment costs where the assessment leads to any property changes that qualify as a capital addition or replacement. These diverse accounting practices reduce the comparability of financial statements among jurisdictional entities and make reviews of existing rates more difficult. This Accounting Release would clarify the proper accounting for pipeline assessment costs, promote comparability of financial information, and reduce uncertainty.

Basis for Conclusion

3. Under the requirements of the Commission's Uniform System of Accounts, costs incurred to inspect, test, and report on the condition of existing plant to determine the need for repairs or replacements and testing the adequacy of repairs made are recognized as maintenance expense.[1] Additionally, costs incurred for work performed specifically for the purpose of preventing failure or maintaining the life of plant are recognized as maintenance expense.[2]

4. The Commission, however, has permitted the capitalization of pipeline testing costs related to existing plant in certain instances. In response to pipeline safety legislation in 1968, the Chief Accountant issued Accounting Release No. 8 (AR–8). In AR–8, costs incurred under a planned maintenance program to meet the requirements of the legislation were to be treated as maintenance expense. However, entities were allowed to capitalize retest costs in those instances where initial tests of a constructed pipeline did not meet the requirements of the new legislation, making it necessary to retest so that the full capacities of the pipeline could be utilized. When such costs are capitalized all prior testing costs related to the specific property were to be retired in accordance with Gas Plant Instruction No. 10.

5. The Chief Accountant has also permitted entities to capitalize hydrostatic testing costs when the work was done in connection with major pipeline rehabilitation projects involving significant replacements and modifications of facilities.[3] These rehabilitation projects extended the overall pipeline system's useful life and serviceability. Capitalization of pipeline assessment costs in these instances was permitted on the conceptual basis that future accounting periods would be benefited.[4] The pipeline assessment activities in these instances were not, however, associated with any on-going maintenance programs.

6. Natural gas and oil pipelines must now comply with new Federal regulations regarding pipeline integrity management programs issued by the Office of Pipeline Safety (OPS) of the U.S. Department of Transportation.[5] Under these regulations, natural gas pipeline and hazardous liquid pipeline operators are required to develop, implement, and follow an integrity management program for segments of pipeline in high consequence areas. The pipeline integrity management programs require pipeline companies to (a) identify and characterize applicable threats to pipeline segments that could impact a high consequence area; (b) conduct a baseline assessment and periodic re-assessments of these pipeline segments; (c) mitigate significant defects discovered from the assessment; and (d) continually monitor the effectiveness of its integrity program and modify the program as needed to improve its effectiveness. To make initial and subsequent assessments, pipeline companies will use hydrostatic tests, smart pigs, or direct assessment activities.

7. Under OPS's regulations for pipeline integrity management programs, the pipeline assessment activities that pipelines must undertake are to determine the condition of the pipe. If any anomalies are detected, repairs or replacements are then made to maintain and improve pipeline integrity and reliability. The assessment activities required under a pipeline integrity management program constitute steps performed as part of an on-going inspection and testing program.

8. The Commission's accounting rules, as described above, provide that costs incurred to inspect, test and report on the condition of plant to determine the need for repairs or replacements are to be charged to maintenance expense in the period the costs are incurred. We view the various testing techniques that will take place because of the new safety regulations to constitute a work activity falling within our rules for maintenance expense. Further, expenditures for pipeline assessment activities under a pipeline integrity program do not meet the capitalization criteria established by the Commission, as discussed above, as the costs are not incurred as part of a one-time rehabilitation project to extend the useful life of the pipeline system, rather the expenditures are made as part of an on-going inspection and testing or maintenance program.

9. Accordingly, pipeline assessment costs of a pipeline integrity management program are properly accounted for as maintenance and charged to expense in the period incurred. Appendix A includes three examples that illustrate the provisions of this Accounting Release.

10. This Accounting Release shall be effective January 1, 2005.

Appendix A—Illustrative Examples of the Application of the Accounting Release

Example 1

A pipeline company owns and operates a large pipeline system. The company has established 100 foot lengths of pipe as a retirement unit for purposes of determining when the costs of property changes are to be charged to expense or capitalized as a component of pipeline property. During the year, the Company assesses 100 miles using hydrostatic testing and direct assessment of pipe at a cost of $1.5 million. As a result of the assessment, the company replaces a continuous 2 mile segment of the pipe at a cost of $750,000 and replaces or sleeves 3

[1] *See* Operating Expense Instruction No. 2, Maintenance, Item No. 2 of 18 CFR parts 101 and 201 (2004).

[2] *See* Operating Expense Instruction No. 2, Maintenance, Item No. 3 of 18 CFR parts 101 and 201 (2004).

[3] In Docket No. AC94–149–000, Northwest Pipeline Corporation (NPC) was permitted to capitalize the costs of pipeline coating and hydrostatic testing costs incurred to rehabilitate its pipeline system. NPC was also permitted to establish retirement units for pipeline costing and hydrostatic testing. When coating costs and hydrostatic testing costs were capitalized as part of a rehabilitation project, NPC was required to retire all prior coating and testing costs in accordance with Gas Plant Instruction No. 10. Capitalization of pipeline assessment activities in this case was permitted as they were considered part of a one-time rehabilitation project which significantly enhanced and increased the life of NPC's pipeline system as a whole, although the work was spread out over a number of years.

[4] *See* Statement of Financial Accounting Concepts No. 6, paragraph 25.

[5] 49 CFR part 192, Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Gas Pipelines); Final Rule effective January 14, 2004 and 49 CFR part 195, Pipeline Safety: Pipeline Integrity management in High Consequence Areas (Hazardous Liquid Operators with 500 or more miles of Pipeline); Final Rule effective February 15, 2002.

other separate sections of the pipeline each being less than 100 feet in length at a total cost of $175,000. At the conclusion of all work, the company hydrostatically tests the affected segments of pipe to appropriate operating pressure at a cost of $150,000.

The assessment activity, regardless of whether hydrostatic testing, direct assessment, or other techniques are utilized constitutes work undertaken specifically for the purpose of determining the condition of existing pipeline facilities. Although the assessment did result in identifying a need to replace a segment of line in excess of the designated property unit of 100 feet, only the direct construction costs of $750,000 and a related portion of the hydrostatic testing costs incurred following completion of the construction work should be capitalized. All of the costs incurred to assess the condition of the existing pipeline should be charged to maintenance expense in the period they are incurred. Also, all of the costs of replacing or sleeving the 3 pipe sections that are each less than a retirement unit, including a portion of the related hydrostatic testing costs incurred after completion of the work should be charged to expense in the period incurred.

Example 2

A pipeline company owns and operates a large pipeline system. Its pipeline system is comprised of segments with different size pipe and different maximum allowable operating pressures (MAOP). The company is experiencing capacity constraints on certain pipeline segments because of increased demand for gas in markets it serves.

The company hydrostatically tests a 5 mile segment of its system to assess its compliance with pipeline safety regulations at a cost of $1,000,000. In conjunction with facility additions of $200,000, the company uses the opportunity provided by the hydrostatic testing to certify an increase in the MAOP of the 5 mile pipeline segment from 750 pounds per square inch gauge (PSIG) to 1000 PSIG. The increased MAOP of the 5 mile segment now equals the MAOP at the upstream and downstream ends of the pipeline segments of which it is interconnected and the company is able to alleviate an operational constraint and increase the available capacity of its pipeline system.

The costs of the hydrostatic test of $1,000,000 should be charged to maintenance expense since they were incurred for the purpose of determining the condition of existing pipeline facilities, a maintenance activity. While a benefit of the assessment activity was an increase in the capacity of the pipeline segment, the company would have had to incur the costs to hydrostatic test the pipeline segment to comply with pipeline safety requirements regardless whether an increase in MAOP resulted. Thus, the company cannot capitalize any of the hydrostatic test costs in this instance. The company would, however, be allowed to capitalize the $200,000 of facility additions.

Example 3

A pipeline company previously received approval from the Chief Accountant to capitalize hydrostatic test and smart pigging costs when the work was done in connection with a major pipeline rehabilitation project involving significant replacements and modifications of facilities. The rehabilitation project significantly extended the overall pipeline system's useful life.

During 20X1, the Company assesses 50 miles of the eastern leg of its system using hydrostatic testing and smart pigging at a cost of $1.0 million. The assessment was done as part of the pipeline's integrity management program to comply with DOT regulations. As a result of the assessment, the company replaces a continuous 5 mile segment of pipe at a cost of $1.5 million. In addition, the company undertakes a major rehabilitation of the western leg of its system. As a part of the $20 million rehabilitation project, the company incurs $500,000 of hydrostatic test costs to determine the exact nature of replacements to be made, along with incurring $250,000 of hydrostatic test costs to determine that the replacements were adequately made.

The costs of the hydrostatic and smart pigging assessment activities performed on the eastern leg of the system of $1.0 million would be expensed as maintenance, since it was performed as a part of the company's integrity management program. The company would be allowed, however, to capitalize the $1.5 million of direct construction costs it incurred, since they replaced a segment of line in excess of the designated property unit of 100 feet.

In regards to the major rehabilitation project on the western leg of the company's system, the company would be allowed to capitalize assessment related costs, if it has in place appropriate internal controls for distinguishing between costs incurred related to ongoing assessment activities under its pipeline integrity program and those assessment costs that are a part of a rehabilitation project. As a minimum, in order to qualify for capitalization, the company must have controls in place that clearly define the scope of the rehabilitation project, separately budget for the project as a capital item, provides for a projected completion date for the project and adequately sets forth how costs are assigned to construction projects.

If the above capitalization criteria are met, the company would be allowed to capitalize the $500,000 of hydrostatic test costs it incurred to determine the scope of the replacements needed related to the major rehabilitation of the western leg of its system. The company would also be allowed to capitalize the $250,000 of hydrostatic test costs it incurred to determine that the replacements were adequately made. Capitalization of hydrostatic test costs in this instance is appropriate since the rehabilitation project significantly extends the useful life of the western leg of the company's system. Previous testing costs related to the rehabilitated segments would of course be retired in accordance with Gas Plant Instruction No. 10.

[FR Doc. E4–3224 Filed 11–18–04; 8:45 am]
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ENVIRONMENTAL PROTECTION AGENCY

[ER–FRL–6657–7]

Environmental Impact Statements; Notice of Availability

Responsible Agency: Office of Federal Activities, General Information (202) 564–7167 or *http://www.epa.gov/compliance/nepa.*

Weekly receipt of Environmental Impact Statements

Filed November 8, 2004, Through November 12, 2004

Pursuant to 40 CFR 1506.9.

EIS No. 040445, FINAL EIS, AFS, WY, ID, High Mountains Heli-Skiing (HMH) Project, Issuance of a New 5-Year Special Use Permit (SUP) to Continue Operating Guided Helicopter Skiing in Portions of the Bridger-Teton National Forest and Caribou-Targhee National Forest (CTNF), Teton and Lincoln Counties, WY and Teton and Bonneville Counties, ID, Wait Period Ends: December 20, 2004, Contact: Ray Spencer (307) 739–5400.

Revision of FR Notice Published on 09/24/2004: CEQ Wait Period Ending 10/25/2004 has been Reestablished to 12/20/2004. Due to Incomplete Distribution of the FEIS at the time of Filing with USEPA under Section 1506.9 of the CEQ Regulations.

EIS No. 040527, DRAFT EIS, AFS, IN, German Ridge Restoration Project, To Restore Native Hardwood Communities, Implementation, Hoosier National Forest, Tell City Ranger District, Perry County, IN, Comment Period Ends: January 3, 2005, Contact: Ron Ellis (812) 275–5987.

EIS No. 040528, DRAFT EIS, FHW, OH, Eastern Corridor Multi-Modal (Tier 1) Project, To Implement a Multi-Modal Transportation Program between the City of Cincinnati and Eastern Suburbs in Hamilton and Clermont Counties, OH, Comment Period Ends: January 3, 2005, Contact: Mark VonderEmbse (614) 280–6854.

EIS No. 040529, DRAFT EIS, COE, MA, Cape Wind Energy Project, Construct and Operate 30 Wind Turbine Generators on Horseshoe Shoal in Nantucket Sound, MA, Comment Period Ends: January 18, 2005, Contact: Karen Adams (978) 318–8338.

EIS No. 040530, FINAL EIS, FRC, LA, Sabine Pass Liquefied Natural Gas (LNG) and Pipeline Project, Construction and Operation LNG Import Terminal and Natural Gas Pipeline Facilities, Several Permits,