

the customer, not the gas storage operator.

This model has not yet been adopted for electric storage facilities but may provide an attractive alternative business model for some storage operators. In this model, the storage operator would operate and maintain the electricity storage facility at its customers' direction and never take title to the energy stored at the facility. Thus, each storage customer would decide how to use its purchased storage capacity. If, for example, a given storage customer has market-based rate authority, then it could use its contracted-for storage capacity to arbitrage differences in peak and off-peak energy prices. The Commission would review the storage provider's cost-based rates for the stand-alone service of storage, or its authority to negotiate market-based rates for that service, separately from the review of the storage customer's independent authority to make power sales using the stored energy (or any other kind of energy).

Alternatively, if the storage facility happens to be favorably located to address a transmission reliability issue, by providing voltage support or serving as a virtual replacement transmission circuit, then to address the issue the local transmission owner could contract with the storage facility to provide this function with all or part of its storage capacity. Again, since the storage provider would provide storage service only at the customer's direction and under a dedicated storage rate, the particular use to which each customer puts its contracted-for storage capacity should not play a role in the Commission's review of the stand-alone storage rate. However the storage customer, in this example a transmission owner, would still need to make its own separate filing to justify transmission rate recovery for the cost of its storage contract.

The primary potential barrier to this type of business model appears to be financial. An independent contract storage provider might need to sign up long-term customers in advance under bilateral contracts, perhaps following an open season, in order to secure financing for construction of the facility. Storage facilities with large up-front capital costs, like pumped storage, may have difficulty attracting sufficient customer interest during the crucial pre-construction financing phase. However, storage service from newer storage technologies with lower up-front capital costs may be easier to finance and market in this way.

We seek comment on the practicality and usefulness of this type of stand-alone contract storage service.

#### IV. Accounting and Financial Reporting for New Storage Technologies

The Commission's existing accounting and reporting requirements classify utility plant costs under the following accounts: (1) Intangible, (2) steam, (3) nuclear, (4) hydraulic, (5) other production, (6) transmission, (7) distribution, (8) regional transmission and market operation, and (9) general plant. These functional classifications have associated operation and maintenance expense accounts to record expenses associated with the plant assets. However, there are no specific plant asset accounts or related operation and maintenance expense accounts to record costs associated with new storage technologies such as flywheels and chemical batteries. Consequently, Staff seeks comments on the following matters:

1. What new plant functions, if any, should be created to accommodate the above-mentioned technologies?
2. What new plant or new equipment accounts and related reporting requirements, if any, need to be created to facilitate cost of service or other rate policies for the above-mentioned technologies?
3. What new operations and maintenance expense accounts and related reporting requirements, if any, need to be created to facilitate cost of service or other rate policies for the above-mentioned technologies?
4. What new revenue accounts and related reporting requirements, if any, need to be created to facilitate cost of service or other rate policies for the above-mentioned technologies?
5. What type of financial and non-financial data, if any, and what level of detail need to be reported in the FERC Form No. 1 for the above-mentioned technologies and how would the Commission and others use this information for developing and monitoring cost-based rates?

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#### DEPARTMENT OF ENERGY

##### Federal Energy Regulatory Commission

[Project No. 13234-001]

#### City and Borough of Sitka; Notice Soliciting Scoping Comments for an Applicant Prepared Environmental Assessment Using the Alternative Licensing Process

June 17, 2010.

- a. *Type of Application:* Alternative Licensing Process
- b. *Project No.:* 13234-001
- c. *Applicant:* City and Borough of Sitka
- d. *Name of Project:* Takatz Lake Hydroelectric Project
- e. *Location:* On the Takatz Lake and Takatz Creek, approximately 20 miles east of the City of Sitka, Alaska, on the east side of Baranof Island. The project would occupy lands of the Tongass National Forest, administered by the U.S. Forest Service.
- f. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791(a)-825(r).
- g. *Applicant Contact:* Christopher Brewton, Utility Manager, City and Borough of Sitka, Electric Department, 105 Jarvis Street, Sitka, Alaska 99835; (907) 747-1870, e-mail: [chrish@cityofsitka.com](mailto:chrish@cityofsitka.com).
- h. *FERC Contact:* Joseph Adamson, at (202) 502-2085; or e-mail [joseph.adamson@ferc.gov](mailto:joseph.adamson@ferc.gov).
- i. *Deadline for filing scoping comments:* July 19, 2010

All documents (original and eight copies) should be filed with: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person on 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 document on that resource agency.

Scoping comments may be filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site (<http://www.ferc.gov/docs-filing/ferconline.asp>) under the "e-filing" link. For a simpler method of submitting text only comments, click on "Quick Comment."

j. *The Takatz Lake project would consist of:* (1) A newly constructed concrete arch dam with a crest elevation of 1,052 feet mean sea level (msl), a spillway elevation of 1,040 feet msl, and a structural height of 200 feet; (2) a 30-foot-high secondary saddle dam; (3) an increase in the Takatz Lake impoundment with a 740-acre surface area and a 124,000 acre-feet storage capacity at spillway elevation of 1,040 feet msl; (4) an intake structure for a 2,800-foot-long, 6.5-foot by 7-foot modified unlined horseshoe tunnel, leading to a 72-inch-diameter 1,000-foot-long steel penstock; (5) a 4,000 square foot powerhouse; (6) two Francis-type generating units, having a total installed capacity of 27.6 megawatts; (7) an approximately 4-mile-long access road; (8) an approximately 21-mile-long, 115 kilovolt (kv) or 138 kv transmission line that consists of either a combination of a submerged marine and lake, overhead, and underground segments (Marine Alternative Segment), or a combination of a submerged lake, overhead, and underground segments (Overland Alternative Segment); and (9) other appurtenant equipment.

k. *Scoping Process:* The City and Borough of Sitka (City) is using the Federal Energy Regulatory Commission's (Commission) alternative licensing process (ALP). Under the ALP, the City will prepare an Applicant Prepared Environmental Assessment (APEA) and license application for the Takatz Lake Hydroelectric Project.

Although it is our intent to prepare an EA, there is a possibility the Commission will prepare an Environmental Impact Statement (EIS) for the project.

The project as proposed in Scoping Document 2 (SD2) differs from the City's proposal described in their Pre-application document and Scoping Document 1, filed March, 20, 2009, and August 27, 2009, respectfully. Therefore, to support and assist our environmental review, we are conducting additional paper scoping on the current proposal to ensure that all pertinent issues and alternatives are identified and analyzed, and that the EA is thorough and balanced. Commission staff does not propose to conduct any on-site scoping meetings at this time. Instead, we are soliciting comments, recommendations, and information, on the Scoping Document 2 (SD2) issued on June 16, 2010.

Copies of the SD2 outlining the subject areas to be addressed in the EA were distributed to the parties on the Commission's mailing list and the applicant's distribution list. Copies of the SD2 may be viewed on the Web at

<http://www.ferc.gov> using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, call 1-866-208-3676 or for TTY, (202) 502-8659.

**Kimberly D. Bose,**  
*Secretary.*

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## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

[Docket No. AD10-14-000]

### Reliability Standards Development and NERC and Regional Entity Enforcement Supplemental Notice of Technical Conference

June 18, 2010.

On June 15, 2010, the Commission issued a Notice (June 15 Notice) announcing a Commissioner-led technical conference in the above-captioned proceeding. As stated in the June 15 Notice, the conference will provide a forum to consider industry perspectives on certain issues pertaining to the development and enforcement of mandatory Reliability Standards for the Bulk-Power System by the North American Electric Reliability Corporation and the Regional Entities. The conference will be held on Tuesday, July 6, 2010, in the Commission Meeting Room (2C) at the Commission's Washington, DC headquarters, 888 First Street, NE., Washington, DC, from approximately 10 a.m. until approximately 4 p.m. (EDT).

The agenda for the conference is attached. If any changes are made, the revised agenda will be posted prior to the event on the calendar page for this event on the Commission's Web site, <http://www.ferc.gov>.

Please note that on a future date the Commission intends to convene a second Commissioner-led technical conference to discuss reliability monitoring, enforcement, and compliance issues.

The July 6, 2010 conference will be open to the public. Registration is not required. To accommodate participants outside of Washington, DC a free webcast of the conference will be available on <http://www.ferc.gov>. Anyone who desires to view the webcast may do so by visiting <http://www.ferc.gov> by clicking on the Calendar of Events link, and finding the conference on the calendar. The Capitol Connection provides technical support

for free webcasts and offers the option of listening via phone-bridge for a fee. If you have any questions, visit <http://www.CapitolConnection.org> or call 703-993-3100.

A transcript of the conferences will be immediately available from Ace Reporting Company (202-347-3700 or 1-800-336-6646) for a fee. The transcript will be available for the public on the Commission's eLibrary system seven calendar days after the Commission receives the transcript.

Any person interested in filing comments after the conference should do so in this docket by July 26, 2010. A person is not required to have attended the conference in order to file comments.

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an e-mail to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 1-866-208-3372 (voice) or 202-208-1659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

Questions about the conference may be directed to Karin Larson at 202-502-8236 or [Karin.Larson@ferc.gov](mailto>Karin.Larson@ferc.gov) and Christopher Young at 202-502-6403 or [Christopher.Young@ferc.gov](mailto:Christopher.Young@ferc.gov).

**Kimberly D. Bose,**  
*Secretary.*

### Commissioner-Led Technical Conference on Reliability Standards Development and NERC and Regional Entity Enforcement July 6, 2010

**10 a.m.-4 p.m.**

#### Agenda

- 10 a.m. Commissioners' Opening Remarks.
- 10:20 a.m. Introductions, Joseph McClelland, Director, Office of Electric Reliability, FERC.
- 10:25 a.m. Panel 1: Presentations and Discussion on the Current State of Mandatory Reliability Standards Development.
- Presentations:* Panelists will be invited to express their general views on the progress of developing and implementing mandatory and enforceable Reliability Standards since the passage of EPAct 2005. What is working well? What needs improvement? Panelists should address the following broad questions in their presentations:
  - a. How can the Commission, NERC and the industry best identify priorities for ensuring reliability of the bulk power system?
  - b. What are the areas for improvement of communication and cooperation between the Commission, NERC