avoid or lessen environmental impact. The more specific your comments, the more useful they will be. Please follow the instructions below to ensure that your comments are received and properly recorded:

- Address your letter to: Lois Cashell, Secretary, Federal Energy Regulatory Commission, 888 First Street NE., Washington, D.C. 20426;
- Reference Docket No. CP96–263–000;
- Send a *copy* of your letter to: Mr. Bob Kopka, EA Project Manager, Federal Energy Regulatory Commission, 888 First Street NE., PR–11.1, Washington, D.C. 20426; and
- Mail your comments so that they will be received in Washington, D.C. on or before May 12, 1996.

If you wish to receive a copy of the EA, you should request one from Mr.. Kopka at the above address.

Becoming an Intervenor

In addition to involvement in the EA scoping process, you may want to become an official party to the proceeding or become an ''intervenor''. Among other things, intervenors have the right to receive copies of case-related Commission documents and filings by other intervenors. Likewise, each intervenor must provide copies of its filings to all other parties. If you want to become an intervenor you must file a motion to intervene according to Rule 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.214) (see appendix 2). You do not need intervenor status to have your scoping comments considered.

Additional information about the proposed project is available from Mr.. Bob Kopka, EA Project Manager, at (202) 208–0282.

Lois D. Cashell,

Secretary.

[FR Doc. 96–9186 Filed 4–12–96; 8:45 am]

BILLING CODE 6717–01–M

Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines; Regulation of Negotiated Transportation Services of Natural Gas Pipelines; Order Denying Requests for Rehearing and Clarification

[Docket No. RM95–6–001; Docket No. RM96–7–001]

Before Commissioners: Elizabeth Anne Moler, Chair; Vicky A. Bailey, James J. Hoecker, William L. Massey, and Donald F. Santa, Jr.

Issued April 9, 1996.

On January 31, 1996, the Commission issued a Statement of Policy and Request for Comments (Policy Statement) on alternatives to traditional cost-of-service ratemaking methodologies.[1] The Policy Statement articulated and/or modified the criteria the Commission will use in evaluating pipeline company proposals to charge market-based rates, incentive rates, and negotiated rates where there is a cost-based recourse rate option. The Policy Statement also created a new proceeding, Docket No. RM96–7–000, and requested comments on whether the Commission should permit pipelines to negotiate the terms and conditions of service, in addition to the rates for those services.

Fifteen parties seek rehearing and/or clarification of the January 31 Policy Statement.[2] As discussed in greater detail below, the Commission denies the requests for rehearing and clarification.

Summary of the Requests for Rehearing and Clarification

The Requests for Rehearing generally track the three areas addressed in the Policy Statement—market-based rates, incentive rates, and negotiated rates with a recourse rate option. With respect to market-based rates, the parties seek rehearing of several of the criteria the Commission adopted. Specifically, parties argue that the Commission erred in adopting criteria for defining ''good alternatives'' which include the use of netbacks and a 10 percent price increase threshold. Furthermore, the parties allege error in the Commission's use of a .18 HHI as a screen to determine the level of scrutiny to be given to proposals for market-based rates. Parties also assert that the Commission's failure to adopt a periodic rate review requirement for pipelines charging market-based rates constitutes error. Other alleged points of error include the Commission's failure to extend the criteria for evaluating market-based rate proposals to the secondary transportation market and the Commission's stated willingness to consider pipeline proposals to mitigate market power. Finally, several parties provided suggestions for modifying the Policy Statement and/or the manner in which the criteria for evaluating market-based rates will be applied.

With respect to incentive rates, several parties expressed concern regarding the Commission's decision to eliminate the requirement that pipelines articulate quantifiable benefits to their customers to result from incentive rate proposals. Parties also express concern regarding the elimination of the requirement that rates under incentive regulation can be no higher than they would have been under cost-of-service regulation. In addition, several parties made general suggestions regarding the application of the criteria for evaluating incentive rate proposals.

Finally, parties also raised concerns regarding the Commission's stated willingness to entertain requests to charge negotiated rates, so long as a Commission-approved, cost-based recourse rate was available to shippers on the pipeline's system.

Discussion

The purpose of the Policy Statement was to provide the industry with guidance by stating the criteria the Commission will consider when evaluating proposals for alternative ratemaking methodologies. In stating the evaluation criteria, the Policy Statement also conveyed the Commission's intent to evaluate the specific proposals based on the facts and circumstances relevant to the applicant and to address any concerns regarding the application of the criteria on a case-by-case basis.[3] In general, objections to statements of policy are not directly reviewable. Rather, such review must await implementation of the policy in a specific case.[4] Therefore, the Commission declines to consider the issues raised in the requests for rehearing and/or clarification regarding market-based, incentive, or negotiated rate proposals in the abstract, but will consider such issues and arguments in the specific cases in which they apply. In addition, the Commission will consider negotiated rate issues that relate to negotiated terms and conditions of service in Docket No. RM96–7–000.[5]

[1] 74 FERC ¶ 61,076 (1996), 61 FR 4633 (February 7, 1996).

[2] Alberta Department of Energy
American Forest & Paper Association
Associated Gas Distributors
Brooklyn Union Gas Company
Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company **
Entex, A Division of NorAm Energy Corp. and Louisiana Gas Service Company a Division of Citizens Utilities Company
Independent Petroleum Association of America
Indicated Shippers
Industrial Gas Consumers
Interstate Natural Gas Association of America **
Koch Gateway Pipeline Company
NorAm Gas Transmission Company
Tenneco Energy **
Texaco Natural Gas, Inc.
United Distribution Companies **
** Request for Clarification.

[3] *See*, e.g., Policy Statement, slip op. at 26, 35, 40 and 47.

[4] *See*, American Gas Association v. FERC, 888 F.2d 136 (D.C. Cir. 1989).

[5] Regulation of Negotiated Transportation Services of Natural Gas Pipelines, Docket No.

Continued

By the Commission.
Lois D. Cashell,
Secretary.
[FR Doc. 96–9213 Filed 4–12–96; 8:45 am]
BILLING CODE 6717–01–P

RM96–7–000, Order Granting Clarification, 74 FERC ¶ 61,194 (1996) (clarification of the scope of the proceeding).

Western Area Power Administration

Western Area Power Administration's Concept for Purchase of Non-Hydropower Renewable Resources, and Solicitation of Interest

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of policy consideration and request for comment.

SUMMARY: Western Area Power Administration (Western) is considering adoption of a policy whereby Western would purchase a portion of its expected purchase power requirements, on a project-by-project basis and in a competitive manner, from non-hydropower renewable resource producers. Within this portion of purchase power requirement set-aside for non-hydropower renewable resource, Western is also considering a 50 percent reservation for solar resources. Western has developed the concept contained in this notice for public consideration and comment. Western also solicits interest from power customers who want Western to facilitate the delivery of non-hydropower renewable resources on their behalf and at their cost. In addition, Western solicits public comment on alternative concepts that may also provide marketing opportunities for non-hydropower renewable resource producers. Western seeks as well, information from renewable resource developers that helps in understanding these resource options. After considering public comment on the concept described in this notice, and after considering alternative concepts and opportunities offered by the public, Western will adopt a final non-hydropower renewable resource purchase policy and program for each of its projects. If the policy adopted provides for one or more projects to acquire a portion of their purchase power requirements from non-hydropower renewable resources, those projects will then begin separate processes to acquire such resources.

DATES: Western seeks comments on the purchase concept outlined in this notice and input on alternative marketing concepts and opportunities. To be considered, comments and other input in response to this notice needs to be received by May 15, 1996.

At this time, Western does not plan to hold a public meeting. However, a summary of comments received, and Western's response to those comments, will be provided in a subsequent Federal Register notice, and to parties indicating they wish to continue receiving information about this process.

FURTHER INFORMATION: To receive information on this concept and solicitation, and/or to make requests to receive subsequent mailings on this process, contact: Mr. Michael S. Cowan, Chief Program Office, Western Area Power Administration, P.O. Box 3402, Golden, CO 80401–0098, (303) 275–1630.

Background

Western is conducting this process in support of the Department of Energy's program to develop renewable energy technologies as cost-competitive sources of electricity. The competitive forces brought on by electric utility deregulation have reduced immediate market opportunities for renewable resources, such as wind, solar, and biomass. However, over time, competition is expected to create new opportunities for renewable energy sales, as technology improves and end-use customers are offered greater freedom to choose their sources of power. This is a critical period in which electricity markets are being shaped and future energy options are being defined, and it is important that renewable energy is one of the choices that the new market will offer.

With its significant transmission resources, customer base, and interconnections with electric utilities throughout the West, Western is in a position to facilitate market opportunities for non-hydropower renewable resources. This public process was initiated to determine Western's appropriate role as such a facilitator, and to guide Western's decision as a potential buyer of non-hydropower renewables.

In 1995, Western developed a set of Integrated Resource Planning (IRP) principles for its own resource acquisition and transmission planning activities. These principles were developed through a public process and were published in the Federal Register, ''Final Principles of Integrated Resource Planning for Use in Resource Acquisition and Transmission Planning,'' 60 FR 30533 (June 9, 1995). In adopting these principles, Western committed to considering a full range of supply- and demand-side resource options (including renewable resources) that would be evaluated on a project-by-project basis using criteria developed in a public process.

Western's purchase power requirements are determined on a project-by-project basis. This is done because each project has differing purchase power requirements, the projects are marketed separately, and the cost of purchase power is recovered through firm power rates charged to each project's customers.

Western commonly makes power purchases for the purpose of ''firming'' the hydropower that it is charged with marketing. Although Western does not have unlimited authority to purchase non-Federal power, the courts interpreting the Reclamation statutes have held that Western has inherent authority to purchase non-Federal power to maximize the sale of federally produced power at firm power rates. Western has been given statutory authority to market a higher level of firm power than the Central Valley Project generators can regularly produce, by purchasing up to 400 MW of additional power.

Western is currently involved in two public processes to determine the need for purchase power and the criteria to be applied in making purchase power decisions. These include the Replacement Resources Process, pursuant to the Grand Canyon Protection Act of 1992 (Public Law 102–575) and the Central Valley Project 2004 Power Marketing Program. These processes are being conducted consistent with the principles of IRP adopted by Western. Public responses to the concept presented in this notice and specific to these projects will be considered in these ongoing public processes.

The facilities, marketing programs, nature of purchase power requirements, and estimated financial impacts from purchasing non-hydropower renewables for each of Western's projects are summarized in the following text and table. The nature of purchase power requirement is described as either firm or non-firm energy, and either annual, seasonal, or monthly. Firm energy is energy with capacity. Conversely, non-firm energy is energy only. The term of any purchase power contract would vary, but in no case will the term extend beyond the expiration of the project's current long-term firm power sales contracts, as amended.

The estimated financial and rate impacts provided are calculated by applying the assumptions of a 5 percent of annual purchase power requirement