

1. *Description of Project:* The proposed project would utilize the existing U.S. Bureau of Reclamation's Clark Canyon Dam and Reservoir, and would consist of the following facilities: (1) two new steel penstocks, each about 300-foot-long and 8-foot-in-diameter (2) a new powerhouse to be constructed on the downstream side of the dam having an installed capacity of 3,000 kilowatts; (3) a new 10-mile-long, 14.7-kilovolt transmission line; and (4) appurtenant facilities. The proposed average annual generation is estimated to be 18 gigawatthours. The cost of the students under the permit will not exceed \$1,250,000.

m. *Available Locations of Application:* A copy of the application is available for inspection and reproduction at the Commission's Public Reference and Files Maintenance Branch, located at 888 First Street, N.E., Room 2-A, Washington, DC 20426, or by calling (202) 219-1371. A copy is also available for inspection and reproduction at Universal Electric Power Corp., Mr. Ronald S. Feltenberger, 1145 Highbrook Street, Akron, Ohio 44301, (330) 535-7115. A copy of the application may also be viewed or printed by accessing the Commission's website on the Internet at <http://www.ferc.fed.us/online/rims.htm> or call (202) 208-2222 for assistance.

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

Preliminary Permit—Anyone desiring to file a competing application for a proposed project must submit the competing application itself, or a notice of intent to file such an application, to the Commission on or before the specified comment date for the particular application (see 18 CFR 4.36). Submission of a timely notice of intent allows an interested person to file the competing preliminary permit application no later than 30 days after the specified comment date for the particular application. A competing preliminary permit application must conform with 18 CFR 4.30(b) and 4.36.

Preliminary Permit—Any qualified development applicant desiring to file a competing development application must submit to the Commission, on or before a specified comment date for the particular application, either a competing development application or a notice of intent to file such an application. Submission of a timely notice of intent to file a development application allows an interested person to file the competing application no later than 120 days after the specified

comment date for the particular application. A competing license application must conform with 18 CFR 4.30(b) and 4.36.

Notice of intent—A notice of intent must specify the exact name, business address, and telephone number of the prospective applicant, and must include an unequivocal statement of intent to submit, if such an application may be filed, either a preliminary permit application or a development application (specify which type of application). A notice of intent must be served on the applicant(s) named in this public notice.

Proposed Scope of Studies under Permit—A preliminary permit, if issued, does not authorize construction. The term of the proposed preliminary permit would be 36 months. The work proposed under the preliminary permit would include economic analysis, preparation of preliminary engineering plans, and a study of environmental impacts. Based on the results of these studies, the Applicant would decide whether to proceed with the preparation of a development application to construct and operate the project.

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.

Filing and Service of Responsive Documents—Any filings must bear in all capital letters the title "COMMENTS", "NOTICE OF INTENT TO FILE COMPETING APPLICATION", "COMPETING APPLICATION", "PROTEST", "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 the number of copies provided by the Commission's regulations to: The Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. An additional copy must be sent to Director, Division of Project Review, Federal Energy Regulatory Commission, at the above-mentioned address. A copy of any notice of intent, competing application

or motion to intervene must also be served upon each representative of the Applicant specified in the particular application.

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 any 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.

David P. Boergers,
Secretary.

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ENVIRONMENTAL PROTECTION AGENCY

[FRL-6462-5]

Assistance for Local Governments That Wish To Design and Implement Voluntary Environmental Management Systems (EMS)

AGENCY: Environmental Protection Agency.

ACTION: Notice; announcement of a program to assist local governments that wish to voluntarily develop and implement environmental management systems; request for applications.

SUMMARY: The Environmental Protection Agency (EPA) announces its intention to assist up to nine local government entities that wish to design and implement environmental management systems. Assistance, in the form of training and other technical assistance, would be provided through a consulting organization funded by EPA. No direct financial assistance to participating local governments would be provided. Working with EPA, participants would be asked to develop EMSs, using the elements of the ISO 14001 International EMS Standard as a baseline over a two year period. This program is based on EPA's existing policy to promote greater voluntary adoption of EMSs, especially with public sector organizations. EPA believes EMSs can help all types of organizations improve their overall environmental performance, prevent pollution, and improve regulatory compliance.

This project is being jointly sponsored by several EPA offices including the Office of Water, Office of Compliance, Office of Solid Waste, and Office of Air and Radiation.

DATES: Letters of Application from interested organizations should be submitted no later than December 16, 1999.

ADDRESSES: Letters of application should be submitted to James Horne, U.S. Environmental Protection Agency, Office of Wastewater Management, 401 M Street, SW., Washington, DC 20460, Mail Code: 4201, (202) 260-5802.

FOR FURTHER INFORMATION CONTACT: James Horne at (202) 260-5802.

SUPPLEMENTARY INFORMATION:

I. Background

Around the world, the voluntary use of environmental management systems (EMS) is increasing as organizations seek to integrate environmental considerations into their day-to-day operations, improve their overall environmental performance and compliance, and demonstrate this performance to outsiders, including regulatory agencies. An EMS consists of a series of standard procedures and practices that organizations put in place to manage their environmental obligations. EMSs do not impose new technical requirements, nor are they a substitute for existing regulatory standards. However, an EMS provides a framework for an organization to more effectively manage its environmental obligations and, hopefully, improve its environmental performance over time. By more effectively managing these obligations, organizations can also operate more efficiently and reduce costs.

EPA has recently published a report entitled *Aiming for Excellence-Actions to Encourage Stewardship and Accelerate Environmental Progress*. Action 2 of this report makes clear that, as a matter of policy, EPA will promote and encourage the use of environmental management systems that help improve compliance, pollution prevention, and other measures of environmental performance. This project, along with a similar project that is now completed, reflects the growing awareness and support within EPA for voluntary adoption of EMSs.

While the adoption of EMSs, especially those based on the ISO 14001 International Voluntary Standard, has occurred mainly in the private sector, there is growing evidence that EMSs are entirely applicable to operations managed by local governments. The U.S. EPA has been strategically promoting the use of EMSs in a variety of venues, including with municipal and county governments. The Agency is just now completing a two year demonstration program with nine local

government agencies designed to assist these entities put EMSs in place, using the ISO 14001 standard as a baseline. Participants have realized a variety of benefits as a result of their participation including, but not limited to (1) better understanding of the root causes of noncompliance, (2) increased employee awareness of environmental issues, (3) lower costs through reduced energy use, and (4) better employee morale. More information about this project can be found at <http://www.getf.org/muni.htm>

U.S. EPA, in partnership with other stakeholders, is interested in further promoting the use of EMSs in the public sector building upon the successes of our initial program as described above. Accordingly, the Agency plans to sponsor another two-year demonstration project, scheduled to begin in early 2000, with up to nine participating local governments. EPA wishes to support a diverse set of local government entities in terms of the type of operation, size of organization, and geographic distribution around the country. EPA also believes an EMS can provide significant benefits to small organizations. Accordingly, we encourage small local governments to apply to participate in this program.

Participants in this program would be asked to:

- (1) Communicate and work with local stakeholders as they develop the EMS;
- (2) Adopt meaningful performance objectives for their EMS that address pollution prevention, compliance, and unregulated environmental impacts;
- (3) Ensure that their EMS contained adequate procedures for assuring compliance with all applicable regulations; and
- (4) Share information about their EMS as it is developed and other relevant information (implementation costs, benefits, lessons learned, barriers to implementation, etc.)

On-site and group training would be provided by the consulting organization retained by EPA throughout the project. This training and technical assistance would help participants to:

- Develop an environmental management system suited to their particular needs;
- Implement the system and track its performance over time; and
- Communicate effectively and reach out to local stakeholders and others about their EMS

Participants would attend periodic workshops to receive more in-depth training and share information with other participants.

II. Guidelines for Participation

Organizations wishing to be considered for participation in this project need to:

1. Submit a letter of application to the person at the address listed above by December 16, 1999.

2. This letter should be signed by a top management representative from the organization and contain the following information:

- A brief description of the organization and its responsibilities
- The name of a top management representative and the person who will be given the responsibility and authority within the organization for leading the work to develop the EMS. This person should be available to travel and participate in up to four workshops with other participants over the life of the project. These workshops will be held approximately every six months
- A willingness to form a core team of other employees that will work with this person and an assurance that the core team's efforts will be fully supported throughout the project by top management. EPA and its consultant will be available to assist participants as they form these core teams.
- A preliminary, non-binding indication of the operation(s) within the organization that will be developing the EMS (*i.e.* public works, transit operations, etc.). A final determination of these operations can occur once the organization is accepted, based on further discussions with EPA.
- A description of the reasons why the organization wishes to participate and some of the benefits it hopes to realize from adopting an EMS.
- Assurance of top management's commitment to fully support the core team throughout the life of the project. Top management support, visibility, and leadership are essential to the development of a successful and sustaining EMS.

Once all applications are received, EPA and its consultant will conduct follow-up interviews with the applicants to discuss in more detail the information contained in the letter of application and any other issues needed to make a final decision on which organizations to select. EPA hopes to have this selection process completed by no later than February 15, 2000.

Note: Applicants will need to have access to the Internet.

Dated: October 14, 1999.

Michael B. Cook,

Director, Office of Wastewater Management.

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FEDERAL DEPOSIT INSURANCE CORPORATION

Rescission of Policy Statement Regarding Independent External Auditing Programs of State Nonmember Banks, and Adoption of the Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations

AGENCY: Federal Deposit Insurance Corporation (FDIC or Corporation).

ACTION: Rescission of a Policy Statement and Adoption of an Interagency Policy Statement.

SUMMARY: In an effort to provide consistent guidance for banks and savings associations regardless of their primary federal supervisor, the FDIC is rescinding its Statement of Policy Regarding Independent External Auditing Programs of State Nonmember Banks (Current Policy Statement) and concurrently adopting the Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations (Interagency Policy Statement). Both policy statements encourage institutions to adopt an annual external auditing program, preferably an audit by an independent public accountant, and to establish an audit committee composed entirely of outside directors, where practicable. In addition, the Interagency Policy Statement includes two alternatives to an audit by an independent public accountant for institutions not subject to the audit requirement in section 36 of the Federal Deposit Insurance Act (FDI Act). The alternatives consist of (1) An attestation report on internal control over specified schedules of the institution's regulatory reports or (2) A report on the institution's balance sheet. Both must be performed by an independent public accountant.

The Interagency Policy Statement also includes guidance regarding the responsibilities of boards of directors, audit committees, and senior management with respect to external auditing programs; the attributes and types of external auditing programs; and the review of external auditing programs by examiners.

DATES: The Current Policy Statement is rescinded and the Interagency Policy Statement is effective for fiscal years beginning on or after January 1, 2000.

FOR FURTHER INFORMATION CONTACT:

Doris L. Marsh, Examination Specialist, Division of Supervision, (202) 898-8905, or A. Ann Johnson, Counsel, Legal Division, (202) 898-3573, FDIC, 550 17th Street, NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

I. Background

The FDIC first adopted guidance on external auditing programs in its Policy Statement Regarding Independent External Auditing Programs of State Nonmember Banks in 1988 (53 FR 47871, November 28, 1988). In 1996, the FDIC reviewed the Current Policy Statement pursuant to section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 and adopted several amendments to eliminate inconsistencies and outdated requirements (61 FR 32438, June 24, 1996).

The Federal Financial Institutions Examination Council (FFIEC), on behalf of the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS), collectively referred to as the "banking agencies" or the "agencies," have each provided guidance on external audits to their supervised institutions, but a uniform policy did not exist. Under the auspices of the FFIEC, the agencies sought public comment on a proposed policy statement on External Auditing Programs of Banks and Savings Associations in February 1998 (63 FR 7796, February 17, 1998). The FFIEC received approximately 120 letters commenting on the proposed policy statement, and it revised the policy statement after considering the comments. On August 19, 1999, the FFIEC approved the Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations (Policy Statement) (64 FR 52319, September 28, 1999) and recommended that the banking agencies adopt it.¹

II. Rescission of the Current Policy Statement and Adoption of the Interagency Policy Statement

In order to minimize burden on institutions and holding companies and in the spirit of section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the banking agencies seek to provide consistent and uniform guidance for

supervised institutions. The banking agencies believe that an independent external audit provides reasonable assurance that an institution's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Accordingly, the banking agencies recommend that every institution have an external auditing program.

To provide explicit guidance to institutions regarding these programs, the FFIEC approved a uniform Interagency Policy Statement on August 19, 1999. The FFIEC recommended to the banking agencies that they individually adopt the policy. Thus, the FDIC must replace its Current Policy Statement with the Interagency Policy Statement in order to achieve uniformity in this area.

III. Comparison of the Current and Interagency Policy Statements

For the most part, both the Current Policy Statement and the Interagency Policy Statement provide similar guidance. Both encourage each institution to have an annual audit of its financial statements performed by an independent public accountant. The Interagency Policy Statement also describes two alternatives to an audit that an institution may elect to have performed annually in order to have an acceptable external auditing program. These alternatives, which must be performed by an independent public accountant, are an attestation on internal control over financial reporting on certain schedules of the Reports of Condition and Income (Call Report) and an audit of the institution's balance sheet. The Interagency Policy Statement further indicates that for a smaller institution with less complex operations, the attestation on internal control may be less costly than an audit of its financial statements or its balance sheet and provide more useful information to management. Neither policy precludes the use of agreed-upon procedures/state-required examinations as an external auditing program.

Both policy statements include sections discussing their applicability to institutions that are part of a holding company, newly chartered institutions, and institutions presenting supervisory concern. In addition, both policies recommend that each institution have an audit committee consisting entirely of outside directors, unless impracticable.

Banks and savings associations (institutions) with \$500 million or more in total assets must have an annual audit performed by an independent public accountant under section 36 of

¹ The National Credit Union Administration (NCUA), also a member of the FFIEC, is not adopting the policy.