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Proposed Rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FARM CREDIT ADMINISTRATION

12 CFR Part 611

RIN 3052–AB86

Organization; Termination of Farm Credit Status

AGENCY: Farm Credit Administration.

ACTION: Proposed rule; supplemental and extension of comment period.

SUMMARY: We are publishing a sample exit fee calculation for a hypothetical Farm Credit System (FCS, Farm Credit or System) bank or association choosing to terminate its Farm Credit status. The purpose of this supplement is to guide FCS institutions through the exit fee calculation described in our proposed termination rule. We are also extending the comment period for the proposed termination rule.

DATES: Please send your comments to us on or before March 6, 2000. The comment period for the proposed rule (64 FR 60370, November 5, 1999) is extended to March 6, 2000.

ADDRESSES: We encourage you to send comments via electronic mail to ''reg-comm@fca.gov'' or through the Pending Regulations section of our interactive website at ''www.fca.gov.'' You may mail or deliver comments to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, 1501 Farm Credit Drive, McLean, VA, 22102–5090 or send by facsimile transmission to (703) 734–5784. You may review copies of all comments we receive in the Office of Policy and Analysis, FCA.

FOR FURTHER INFORMATION CONTACT:

Alan Markowitz, Senior Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4479; or

Rebecca S. Orlich, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TDD (703) 883–4444.

SUPPLEMENTARY INFORMATION: The objectives of our supplemental information are:

- To ensure that the readers of our proposed termination rule understand the exit fee calculation for an institution terminating its Farm Credit status; and
- To extend the comment period on the proposed termination rule.

1. Sample Exit Fee Calculation

Our proposed termination regulation was published on November 5, 1999 (64 FR 60370). Section 611.1255(a) of our proposal prescribes the calculation of a terminating association's exit fee, and § 611.1255(b) prescribes the calculation of a terminating bank's exit fee. This supplemental information contains hypothetical examples of an association terminating alone and of that same association terminating along with its affiliated bank to illustrate how to apply the procedures described in § 611.1255(a) and (b). (The exit fee calculation for an association is the same whether it terminates alone or with its affiliated bank.) The exit fee calculation worksheet will not be part of the final termination regulations.

Our examples contain selected balance sheet items for a Farm Credit Bank and a direct lending association. The first part of our examples includes the balance sheet assumptions for each institution. We provide the average daily balances (ADBs) for those items where the proposed rule requires such calculations. We have included only those balance sheet items that are necessary for calculating the exit fees for the bank and the association. For your convenience, notes follow the worksheet and explain which provision of the termination regulations each worksheet line implements.

2. Extension of Comment Period

In our proposed rule, we provided for a 90-day comment period ending on February 3, 2000. In order to give the public ample time to study the sample exit fee calculation before submitting comments, we are extending the comment period on the proposed rule.

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Final Exit Fee Worksheet

($ in thousands)

Assumptions

	Bank	Association
Average daily balance (ADB) of assets	$6,000,000	$1,200,000
ADB of liabilities	$5,000,000	$1,000,000
Capital:		
- ADB of purchased and allocated equities	$600,000	$100,000
- ADB of unallocated equities	$400,000	$100,000
ADB of purchased and allocated investment in terminating Bank:	$0	$150,000
ADB of direct loan volume	$4,000,000	$1,000,000
Termination-related expenses:		
- ADB of expenses recorded during previous 12 months	$150	$50
- Expenses recorded more than 12 months before calculation	$50	$50
Financial Assistance Corporation (FAC) obligation due to termination	$1,000	$1,000
Taxes due to termination	$0	$100[1]
ADB of term preferred stock (a liability under generally accepted accounting principles that qualifies as regulatory capital)	$1,000	$100
Percent of equity owned by dissenting stockholders	0%	10%
ADB of direct loans to affiliated associations that were paid off or transferred in the 12-month period before termination	$3,000,000	NA
ADB of equity investments held in terminating Bank by affiliated associations that it retired or transferred during the 12 months before termination	$750,000	NA

Final Exit Fee Calculation for Association

1	Enter the ADB of association assets			1	$ 1,200,000
2	Enter the ADB of expenses related to termination. Related expenses include, but are not limited to, legal services, accounting services, auditing, business planning, payments of severance and special retirements, and application fees for the termination and reorganization			2	$ 50
3	**Add** line 1 and line 2			3	$ 1,200,050
4	Enter the dollar amount of your termination payment (to your affiliated Bank) related to FAC obligations	4	$ 1,000		
5	Enter the dollar amount of taxes you will have to pay due to the termination	5	$ 100		
6	Enter ADB of purchased and allocated equities to be paid to dissenting stockholders and FCS institutions	6	$ 10,000		
7	Enter ADB of unallocated equities to be paid to dissenting stockholders and FCS institutions	7	$ 10,000		
8	**Add** lines 4 through 7			8	$ 21,100
9	**Subtract** line 8 from line 3.			9	$ 1,178,950
10	Enter the amount of any adjustments to assets the FCA requires			10	$ 50
11	Add or subtract line 10 from line 9, as applicable. This is the **Adjusted association assets**			11	$ 1,179,000
12	Enter the ADB of association liabilities			12	$ 1,000,000

[1] For this example, we are assuming that the taxes due from the association are the same whether it terminates alone or with its affiliated Bank.

13	Enter the ADB of liabilities treated as regulatory capital under the capital or collateral requirements	13	$ 100		
14	**Subtract** line 13 from line 12.			14	$ 999,900
15	Enter the amount of any adjustments to liabilities the FCA requires			15	$ 0
16	Add or subtract line 15 from line 14, as applicable. This is the **Adjusted association liabilities**			16	$ 999,900
17	**Subtract** line 16 from line 11. This is the **Total Capital** for the association for purposes of termination			17	$ 179,100
18	**Multiply** line 11 by 6% (.06)			18	$ 70,740
19	**Subtract** line 18 from line 17. This is the **Final Exit Fee of the association**			19	$ 108,360

Final Exit Fee Calculation for Bank

20	Enter ADB of Bank assets			20	$ 6,000,000
21	Enter the ADB of expenses related to termination. Related expenses include, but are not limited to, legal services, accounting services, auditing, business planning, payments of severance and special retirements, and application fees for the termination and reorganization	21	$ 150		
22	Enter the dollar amount of the termination payments to the Bank by the terminating associations related to FAC obligations	22	$ 1,000		
23	**Add** lines 21 and 22			23	$ 1,150
24	**Add** line 20 and line 23			24	$ 6,001,150
25	Enter ADB of direct loans to affiliated associations that were paid off or transferred in the 12-month period before termination	25	$ 3,000,000		
26	Enter ADB of equity investments held in the Bank by affiliated associations that it retired or transferred during the 12 months before termination. A non-terminating association's investment consists of purchased equities, allocated equities, and a pro rata share of the Bank's unallocated surplus	26	$ 750,000		
27	Enter the dollar amount of the Bank's termination payment to the FAC	27	$ 1,000		
28	Enter the dollar amount of taxes paid or accrued due to the termination	28	$ 0		
29	Enter ADB of purchased and allocated equities to be paid to dissenting stockholders and FCS institutions	29	$ 0		
30	Enter ADB of unallocated equities to be paid to dissenting stockholders and FCS institutions	30	$ 0		
31	**Add** lines 25 through 30			31	$ 3,751,000
32	**Subtract** line 31 from line 24.			32	$ 2,250,150
33	Enter the amount of any adjustments to assets the FCA requires			33	$ 50
34	Add or subtract line 33 from line 32, as applicable. This is the **Adjusted Bank assets**			34	$ 2,250,200
35	Enter the ADB of Bank liabilities			35	$ 5,000,000
36	Enter ADB of direct loans to affiliated associations that were paid off or transferred in the 12-month period before termination	36	$ 3,000,000		
37	Enter the ADB of liabilities treated as regulatory capital under the capital or collateral requirements	37	$ 1,000		
38	**Add** line 36 and line 37.			38	$ 3,001,000
39	**Subtract** line 38 from line 35.			39	$ 1,999,000
40	Enter the amount of any adjustments to liabilities the FCA requires			40	$ 0
41	Add or subtract line 15 from line 14, as applicable. This is the **Adjusted Bank liabilities**			41	$ 1,999,000
42	Enter Adjusted association assets amount from line 11	42	$ 1,179,000		
43	Enter Adjusted Bank assets from line 34	43	$ 2,250,200		
44	**Add** line 42 and line 43	44	$ 3,429,200		
45	Enter ADB of inter-company eliminations (e.g. direct note and Bank stock)	45	$ 1,150,000		

46	**Subtract** line 45 from line 44. This is the **combined assets** of the association and Bank			46	$ 2,279,200
47	Enter the Adjusted association liabilities from line 16	47	$ 999,900		
48	Enter the Adjusted Bank liabilities from line 41	48	$ 1,999,000		
49	**Add** line 47 and line 48	49	$ 2,998,900		
50	Enter ADB of inter-company eliminations (e.g. direct loan)	50	$ 1,000,000		
51	**Subtract** line 50 from line 49. This is the **combined liabilities** of the association and Bank			51	$ 1,998,900
52	**Subtract** line 51 from line 46. This is the **combined Total Capital** of the association and Bank			52	$ 280,300
53	**Multiply** the combined assets on line 46 by 6% (.06)			53	$ 136,752
54	**Subtract** line 53 from line 52. This is the **combined Final Exit Fee** for the association and Bank.			54	$ 143,548
55	Enter the Final Exit Fee of the association from line 19			55	$ 108,360
56	**Subtract** Line 55 from line 54. This is the **Final Exit Fee of the Bank**			56	$ 35,188

Notes to the Worksheet

All the references are to paragraphs of proposed § 611.1255.

Line 1. Paragraphs (a)(1), (a)(2), and (a)(3). Assume for this calculation that you have not paid or accrued the amounts described in lines 4–7.

Line 2. Paragraph (a)(4)(i). This item includes only the expenses incurred in the 12 months before termination.

Line 3. Paragraph (a)(4)(i).

Line 4. Paragraph (a)(4)(ii)(A).

Line 5. Paragraph (a)(4)(ii)(B).

Lines 6 and 7. Paragraph (a)(4)(ii)(C).

Lines 8 and 9. Paragraph (a)(4)(ii).

Lines 10 and 11. Paragraph (a)(4)(iv). This is an adjustment to assets we may require. In this example, we are requiring the terminating association to add back to its assets the termination expenses it paid or accrued more than 12 months before termination.

Line 12. Paragraphs (a)(1) and (a)(3). Assume for this calculation that you have not paid or accrued the amounts described in lines 4–7.

Lines 13 and 14. Paragraph (a)(4)(iii).

Lines 15 and 16. Paragraph (a)(4)(iv). This is an adjustment to liabilities we may require. In this example, we are not requiring the terminating association to make adjustments to its liabilities.

Line 17. Paragraph (a)(5).

Lines 18 and 19. Paragraph (a)(6)—association terminating alone, or (b)(1)—association terminating with its affiliated bank. The exit fee calculation ends here for an association terminating without its affiliated bank.

Line 20. Paragraphs (b)(2), (b)(3), and (b)(4). Assume for this calculation that you have not paid or accrued the amounts described in lines 27–30. We note that proposed paragraph (b)(4) incorrectly refers to ''assets and total capital.'' It should say ''assets and liabilities.''

Line 21. Paragraph (b)(5)(i)(A).

Line 22. paragraph (b)(5)(i)(B).

Lines 23 and 24. Paragraph (b)(5)(i).

Line 25. Paragraph (b)(5)(ii).

Line 26. Paragraph (b)(5)(iii)(A).

Line 27. Paragraph (b)(5)(iii)(B).

Line 28. Paragraph (b)(5)(iii)(C).

Lines 29 and 30. Paragraph (b)(5)(iii)(D). In this example, we assume there are no dissenting stockholders.

Lines 31 and 32. Paragraph (b)(5)(iii).

Lines 33 and 34. Paragraph (b)(5)(v). This is an adjustment to assets we may require. In this example, we are requiring the terminating bank to add back to its assets the termination expenses it paid or accrued more than 12 months before termination.

Line 35. Paragraphs (b)(2), (b)(3), and (b)(4). We note that proposed paragraph (b)(4) incorrectly refers to ''assets and total capital.'' It should say ''assets and liabilities.''

Line 36. Paragraph (b)(5)(ii).

Line 37. Paragraph (b)(5)(iv).

Lines 38 and 39. Paragraphs (b)(5)(ii) and (b)(5)(iv).

Lines 40 and 41. Paragraph (b)(5)(v). This is an adjustment to liabilities we may require. In this example, we are not requiring the terminating bank to make adjustments to its liabilities.

Lines 42–51. Paragraph (b)(6). These lines show how to combine the balance sheets of the terminating bank and terminating association.

Line 52. Paragraph (b)(7).

Lines 53–55. Paragraph (b)(8).

Line 56. Paragraph (b)(9).

Dated: January 27, 2000.

Vivian L. Portis,

Secretary, Farm Credit Administration Board.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 382

[Docket No. RM00–7–000]

Revision of Annual Charges Assessed to Public Utilities

January 28, 2000.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to amend its regulations to establish a new methodology for the assessment of annual charges to public utilities. The Commission proposes that annual charges would be assessed to public utilities based on the volume of electricity transmitted by the public utilities.

DATES: Comments on the proposed rulemaking are due on or before April 3, 2000..

ADDRESSES: File comments on the notice of proposed rulemaking with the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. Comments should reference Docket No. RM00–7–000

FOR FURTHER INFORMATION CONTACT:

Herman Dalgetty (Technical Information), Chief, Accounts Receivable and Assessment Branch, Office of Finance, Accounting and Operations, 888 First Street, N.E., Washington, D.C. 20426, (202) 219–2918

Jennifer Lokenvitz Schwitzer (Legal Information), Office of the General Counsel, 888 First Street, N.E.,