[Project No. 10854–002; Michigan]

Upper Peninsula Power Company; Notice of Availability of Draft Environmental Assessment

April 9, 1996.

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's (Commission's) Regulations, 18 CFR Part 380 (Order No. 486, 52 FR 47897), the Office of Hydropower Licensing has reviewed the application for an original license for the Cataract Hydroelectric Project, located on the Middle Branch Escanaba River, near the City of Gwinn, Marquette County, Michigan; and has prepared a Draft Environmental Assessment (DEA) for the project. In the DEA, the Commission's staff has analyzed the potential environmental impacts of the existing project and has concluded that approval of the project, with appropriate environmental protection measures, would not constitute a major federal action significantly affecting the quality of the human environment.

Copies of the DEA are available for review in the Public Reference Branch, Room 2–A, of the Commission's offices at 888 First Street, N.E., Washington, D.C. 20426.

Any comments should be filed within 45 days from the date of this notice and should be addressed to Lois D. Cashell, Secretary, Federal Energy Regulatory Commission, Room 1–A, 888 First Street N.E., Washington, D.C. 20426. Please affix ''Cataract Hydroelectric Project No. 10854'' to all comments. For further information, please contact James Hunter at (202) 219–2839.

Lois D. Cashell,

Secretary.

[FR Doc. 96–9190 Filed 4–12–96; 8:45 am]

BILLING CODE 6717–01–M

Michigan Gas Storage Company; Notice of Intent to Prepare an Environmental Assessment for the Proposed Cranberry Lake Header Replacement Project and Request for Comments on Environmental Issues

[Docket No. CP96–263–000]

April 9, 1996.

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental assessment (EA) that will discuss the environmental impacts of the construction and operation of the facilities proposed in the Cranberry Lake Header Replacement Project.[1] This EPA will be used by the Commission in its decision-making process to determine whether an environmental impact statement is necessary and whether to approve the project.

Summary of the Proposed Project

Michigan Gas Storage Company (MGSCo) requests authorization to construct and operate 5.2 miles of 20-inch-diameter pipeline to replace 1.3 miles of 10-inch-diameter pipeline and 3.9 miles of 16-inch-diameter pipeline, and to abandon by removal 5.2 miles of 8-inch-diameter loop. All facilities are in Clare County, Michigan. The proposed project would allow for more efficient and safe operation of MGSCo's Cranberry Lake Storage Field.

The general location of the project facilities and specific locations for facilities on new sites are shown in appendix 1.[2]

Land Requirements for Construction

Construction of the proposed facilities would require about 42 acres of land. About 36 of the 42 acres is existing pipeline right-of-way. The 6 acres of construction right-of-way would be allowed to revert to its prior use after construction.

The EA Process

The National Environmental Policy Act (NEPA) requires the Commission to take into account the environmental impacts that could result from an action whenever it considers the issuance of a Certificate of Public Convenience and Necessity. NEPA also requires us to discover and address concerns the public may have about proposals. We call this ''scoping.'' The main goal of the scoping process is to focus the analysis in the EA on the important environmental issues. By this Notice of Intent, the Commission requests public comments on the scope of the issues it will address in the EA. All comments received are considered during the preparation of the EA. State and local government representatives are encouraged to notify their constituents of this proposed action and encourage them to comment on their areas of concern.

The EA will discuss impacts that could occur as a result of the construction and operation of the proposed project under these general headings:

- geology and soils
- water resources, fisheries, and wetlands
- vegetation and wildlife
- endangered and threatened species
- land use
- cultural resources
- air quality and noise
- public safety

We will also evaluate possible alternatives to the proposed project or portions of the project, and make recommendations on how to lessen or avoid impacts on the various resource areas.

Our independent analysis of the issues will be in the EA. Depending on the comments received during the scoping process, the EA may be published and mailed to Federal, state, and local agencies, public interest groups, interested individuals, affected landowners, newspapers, libraries, and the Commission's official service list for this proceeding. A comment period will be allotted for review if the EA is published. We will consider all comments on the EA before we recommend that the Commission approve or not approve the project.

Docket No. CP96–263–000

Currently Identified Environmental Issues

We have already identified several issues that we think deserve attention based on a preliminary review of the proposed facilities and the environmental information provided by MGSCo. Keep in mind that this is a preliminary list:

- One mile of the proposed project crosses the Seney National Wildlife Refuge.
- About 1.5 acres of woody wetland vegetation would be temporarily cleared for construction.
- The Clam River, a State of Michigan designated trout stream, would be crossed by directional drilling.
- Three residences are within 50 feet of the construction right-of-way.

The list of issues may be added to, subtracted from, or changed based on your comments and our analysis.

Public Participation

You can make a difference by sending a letter addressing your specific comments or concerns about the project. You should focus on the potential environmental effects of the proposal, alternatives to the proposal (including alternative routes), and measures to

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[1] Michigan Gas Storage Company's application was filed with the Commission under Section 7 of the Natural Gas Act and Part 157 of the Commission's regulations.

[2] The appendices referenced in this notice are not being printed in the Federal Register. Copies are available from the Commission's Public Reference and Files Maintenance Branch, 888 First Street, NE., Washington, DC 20426, or call (202) 208–1371. Copies of the appendices were sent to all those receiving this notice in the mail.

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.

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