Proposed Standard No. 40B—Any differences between a Aggregator's (pooler's) scheduled quantities and allocated quantities at locations for its pool should be allocated to the pooler, or the pooling agreement. Aggregators (poolers) should be responsible for managing the imbalances created by variances with their scheduled quantities.

Fuel Reimbursement

Proposed Standard No. 44—Defining standards for administering the following fuel reimbursement options: in-kind, fuel cash-out, negotiated sales and cost of service does not preclude service providers from offering other options. The choice of fuel reimbursement method(s) is subject to regulatory procedures, where applicable.

Proposed Standard No. 49A—For in-kind fuel reimbursement methods, fuel rates can change on six month intervals, on April 1 and October 1.

Proposed Standard No. 50A—For in-kind fuel reimbursement and except where pre-September 30, 1996 settlements provide otherwise, fuel rates will have a true-up to actual fuel periodically on a prospective basis.

Proposed Standard No. 51A— For in-kind fuel reimbursement methods, fuel rates changes should be made prospectively.

Proposed Standard No. 54B—Other than situations where regulatory agencies require cost of service to be the only option provided, the rate for cost of service provided fuel should be stated separately.

Proposed Standard No. 55—For cost of service as the fuel reimbursement method, the rate for cost of service provided fuel should be collected as a variable charge.

Proposed Standard No. 56B—No party should be advantaged or disadvantaged in the offering or use of a service by virtue of any costs to provide that service being administered via regulatory proceedings for unassociated services.

Proposed Standard No. 57B—Fuel encompasses, but is not limited to, the energy consumed in providing the transportation service (i.e. natural gas, fuel oil, propane, electricity) and lost and unaccounted for gas.

Proposed Standard No. 58— For cash-out as the fuel reimbursement method, Service Requester should notify Service Provider of its election to exercise the cash-out option for fuel one day prior to the close of the NYMEX natural gas futures trading for the next calendar month.

Proposed Standard No. 59B—Where cash-out, as a fuel reimbursement method, is offered as an option by a Service Provider, the Service Requester should notify Service Provider of its election to exercise the cash-out option for fuel one day prior to the close of the NYMEX natural gas futures trading for the next calendar month.

Proposed Standard No. 60—Fuel Cash-out options should be exercised for a minimum of one calendar month.

Proposed Standard No. 61—Fuel Cash-out quantities should be determined by multiplying allocated receipts by fuel percentages as stated in the tariff or applicable contract(s).

Proposed Standard No. 62—Fuel Cash-out price should be an established commodity market price (i.e. index or competitive bid) in rate area, zone or segment of the activity, or be based on the same fuel cash-out index used for imbalances.

Proposed Standard No. 63—The fuel cash-out value (fuel quantities times fuel cash-out price) should be separately stated on the invoice for the related activity.

Proposed Standard No. 64—If fuel cash-out price is index-based, the determination of the applicable indices should based on the approved tariff provisions or applicable contract(s).

Proposed Standard No. 65—If fuel cash-out price is other than index-based, the Service Provider should post that price three days prior to the close of the NYMEX natural gas futures trading for the next calendar month.

Proposed Standard No. 66B—There should be no cross-subsidization by Service Providers of fuel provision service(s) by transportation service(s) when both fuel provision services and transportation services are provided by the service provider.

Proposed Standard No. 67—Negotiated fuel gas sales are sales of gas by the service provider for the use of the service requester as fuel for its transportation transaction. The price and terms and conditions applicable to the sales transaction should be negotiated between the transportation service provider and the service requester.

Proposed Standard No. 95A—If negotiated fuel gas sales are offered, all transportation terms, conditions applicable to fuel sales service should be specified in the transportation service providers tariff, if applicable.

Intraday Nominations

Proposed Standard No. 77A—Intraday nominations should be allowed at all nominatable receipt and delivery points and at pooling points.

OBAs and Imbalances

Proposed Standard No. 85A—All transportation service providers who have sufficient system storage should allow service requesters (in this instance, service requester excludes agents) to net similarly situated imbalances on and across contracts with the transportation service provider among themselves. In this context, ''similarly situated imbalances'' includes contracts with the substantially similar financial and operational implications to the transportation service provider.

Proposed Standard No. 88A—Imbalance penalties should be based on the lesser of the imbalance penalties based on operationally provided measurement/allocated data and actual measurement/allocated data.

[FR Doc. 96–29555 Filed 11–18–96; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–209827–96]

RIN 1545–AU22

Treatment of Section 355 Distributions by U.S. Corporations to Foreign Persons; Hearing Cancellation

AGENCY: Internal Revenue Service, Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of cancellation of a public hearing on proposed regulations relating to the distribution of stock or securities under section 355 by a domestic corporation to a person that is not a U.S. person. The public hearing originally scheduled for November 20, 1996, beginning at 10:00 a.m. is cancelled.

FOR FURTHER INFORMATION CONTACT: Evangelista C. Lee of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622–7190 (not a toll free number).

SUPPLEMENTARY INFORMATION: The subject of the public hearing is proposed amendments to the Income Tax Regulations under section 355 of the Internal Revenue Code. A notice of public hearing appearing in the Federal Register on Wednesday, August 14, 1996 (61 FR 42217) announced that the public hearing on proposed regulations under section 355 of the Internal Revenue Code would be held on

Wednesday, November 20, 1996, beginning at 10:00 a.m., in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC 20224.

The public hearing scheduled for Wednesday, November 20, 1996, is cancelled.

Cynthia E. Grigsby,

Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

[FR Doc. 96–29531 Filed 11–14–96; 10:43 am]

BILLING CODE 4830–01–U

DEPARTMENT OF JUSTICE

28 CFR Part 100

RIN 1105–AA39

Implementation of Section 109 of the Communications Assistance for Law Enforcement Act: Request for Comment on ''Significant Upgrade'' and ''Major Modification''

AGENCY: Federal Bureau of Investigation, DOI.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: This notice solicits from the telecommunication industry information on and suggestions for dealing with the terms ''significant upgrade'' and ''major modification'' as these terms are used in section 109 of the Communications Assistance for Law Enforcement Act (CALEA). Specifically, the FBI seeks public comment on these terms with regard to CALEA compliancy and cost reimbursement under CALEA section 109.

DATES: Comments must be received on or before December 19, 1996.

ADDRESSES: Comments should be submitted to the Telecommunications Contracts and Audit Unit, Federal Bureau of Investigation, P.O. Box 221286, Chantilly, VA 20153–0450, Attention: CALEA FR Representative. See Section D of the **SUPPLEMENTARY INFORMATION** for further information on electronic submission of comments.

FOR FURTHER INFORMATION CONTACT: Walter V. Meslar, Unit Chief, Telecommunications Contracts and Audit Unit, Federal Bureau of Investigation, P.O. Box 221286, Chantilly, VA 20153–0450, telephone number (703) 814–4900.

SUPPLEMENTARY INFORMATION:

A. General Background

Recent and continuing advances in telecommunications technology and the introduction of new digitally-based services and features have impaired the ability of federal, state, and local law enforcement agencies to fully and properly conduct various types of court-authorized electronic surveillance. Therefore, on October 25, 1994, the President signed into law the Communications Assistance for Law Enforcement Act (CALEA) (Public Law 103–414, 47 U.S.C. 1001–1010). This law requires telecommunications carriers, as defined in CALEA, to ensure that law enforcement agencies, acting pursuant to court order or other lawful authorization are able to intercept communications regardless of advances in telecommunications technologies.

Under CALEA, certain implementation responsibilities are conferred upon the Attorney General; the Attorney General has, in turn, delegated responsibilities set forth in CALEA to the Director, FBI, or his designee, pursuant to 28 CFR 0.85(o). The Director, FBI, has designated the Telecommunications Industry Liaison Unit of the Information Resources Division and the Telecommunications Contracts and Audit Unit of the Finance Division to carry out these responsibilities.

One of the CALEA implementation responsibilities delegated to the FBI is the establishment, after notice and comment, of regulations necessary to effectuate timely and cost-efficient payment to telecommunications carriers for certain modifications made to equipment, facilities and services (hereafter referred to as ''equipment'') to make that ''equipment'' compliant with CALEA.[1] Section 109(b)(2) of CALEA authorizes the Attorney General, subject to the availability of appropriations, to agree to pay telecommunications carriers for additional reasonable costs directly associated with making the assistance capability requirements found in section 103 of CALEA reasonably achievable with respect to ''equipment'' installed or deployed after January 1, 1995, in accordance with the procedures established in section 109(b)(1)[2] of CALEA. Section 104(e) of CALEA authorizes the Attorney General, subject to the availability of appropriations, to agree to pay telecommunications carriers for reasonable costs directly associated with modifications of any of a carrier's systems or services, as identified in the Carrier Statement required by CALEA section 104(d), which do not have the capacity to accommodate simultaneously the number of interceptions, pen registers, and trap and trace devices set forth in the Capacity Notice(s) published in accordance with CALEA section 104. Finally, section 109(a) of CALEA authorizes the Attorney General, subject to the availability of appropriations, to agree to pay telecommunications carriers for all reasonable costs directly associated with the modifications performed by carriers in connection with ''equipment'' installed or deployed on or before January 1, 1995, to establish the capabilities necessary to comply with the assistance capability requirements found in section 103 of CALEA. However, reimbursement under section 109(a) of CALEA is modified by the requirements of section 109(d), which states:

> If a carrier has requested payment in accordance with procedures promulgated pursuant to subsection (e) [Cost Control Regulations], and the Attorney General has not agreed to pay the telecommunications carrier for all reasonable costs directly associated with modifications necessary to bring any equipment, facilities, and services installed or deployed on or before January 1, 1995, into compliance with the assistance capability requirements of section 103, such equipment, facility, or service shall be considered in compliance with the assistance capability requirements of section 103, until the equipment, facility, or service is *replaced or significantly upgraded or otherwise undergoes major modification.*

(emphasis added).

While this section deals specifically with a carrier's compliance with CALEA, the phrase ''replaced or significantly upgraded or otherwise undergoes major modification'' (hereafter referred to as ''significant upgrade or major modification''), depending on a carrier's actions after January, 1995, also has a direct bearing on the eligibility for reimbursement of some ''equipment'' installed or deployed on or before January 1, 1995.[3]

B. Proposed Cost Reimbursement Rule

As required by CALEA § 109(e), the FBI published a proposed CALEA cost reimbursement rule (NPRM) for notice and comment in the Federal Register on May 10, 1996 (61 FR 21396). The NPRM proposed procedures which telecommunications carriers would follow in order to receive reimbursement under Sections 109(a), 109(b)(2) and 104(e) of CALEA, as discussed above. Specifically, the NPRM set forth the means of

[1] CALEA § 109(e).

[2] CALEA Section 109(b)(1) sets forth the procedures and the criteria the Federal Communications Commission (FCC) will use to determine if the modifications are ''reasonably achievable''.

[3] ''Significant upgrade or major modification'' also appears in CALEA § 108(c)(3)(B) with regard to the limitations placed upon the issuance of enforcement orders under 18 U.S.C. 2522.