

SUMMARY: The Board has issued a certificate and decision authorizing CSX Transportation, Inc. (CSXT), to abandon that portion of its rail line extending between milepost BUI-28.40 at Elkins, WV, and milepost BUK-121.7 at Bergoo, WV, subject to environmental and historic preservation conditions if there is salvage. The transaction also was exempted from the offer of financial assistance and public use procedures of 49 U.S.C. 10904 and 10905.

EFFECTIVE DATE: The abandonment certificate will become effective on January 9, 1997.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 927-5660. [TDD for the hearing impaired: (202) 927-5721.]

SUPPLEMENTARY INFORMATION: The ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803 (1995) (ICCTA), abolished the Interstate Commerce Commission (ICC) and transferred certain functions and proceedings to the Surface Transportation Board (Board) effective on January 1, 1996. Section 204(c) of the ICCTA provides, in general, that, if a court remands a suit against the ICC that was pending on the date of that legislation and involves functions retained by the ICCTA, subsequent proceedings related to the case shall proceed under the applicable law and regulations in effect at the time of the subsequent proceedings. The functions at issue in this proceeding were retained and are now found at 49 U.S.C. 10903-05. Thus, the provisions of current 49 U.S.C. 10903-05 apply to this proceeding on remand.

Additional information is contained in the Board's decision. To purchase a copy of the full decision, write to, call, or pick up in person from: DC News & Data, Inc., Room 2229, 1201 Constitution Avenue, N.W., Washington, DC 20423. Telephone: (202) 289-4357/4359. [Assistance for the hearing impaired is available through TDD services (292) 927-5721.]

Decided: December 31, 1996.

By the Board, Chairman Morgan, Vice Chairman Simmons, Commissioner Owen, Vernon A. Williams, Secretary.

[FR Doc. 97-481 Filed 1-8-97; 8:45 am]

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[STB Docket No. AB-471X]

South Kansas and Oklahoma Railroad, Inc.; Abandonment Exemption; in Sumner County, KS

South Kansas and Oklahoma Railroad, Inc. (SKO) has filed a notice of exemption under 49 CFR 1152 Subpart

F—*Exempt Abandonments* to abandon a 9.2-mile portion of its line of railroad between milepost 257.2, at Oxford, and milepost 266.4, near Wellington, in Sumner County, KS.

SKO has certified that: (1) no local traffic has moved over the line for at least 2 years; (2) there has been no overhead traffic on the line in over 3 years; (3) no formal complaint filed by a user of rail service on the line (or by a state or local government entity acting on behalf of such user) regarding cessation of service over the line either is pending with the Surface Transportation Board (Board) or with any U.S. District Court or has been decided in favor of complainant within the 2-year period; and (4) the requirements at 49 CFR 1105.7 (environmental reports), 49 CFR 1105.8 (historic reports), 49 CFR 1105.11 (transmittal letter), 49 CFR 1105.12 (newspaper publication), and 49 CFR 1152.50(d)(1) (notice to governmental agencies) have been met.

As a condition to this exemption, any employee adversely affected by the abandonment shall be protected under *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979). To address whether this condition adequately protects affected employees, a petition for partial revocation under 49 U.S.C. 10502(d) must be filed.

Provided no formal expression of intent to file an offer of financial assistance (OFA) has been received, this exemption will be effective on February 8, 1997, unless stayed pending reconsideration. Petitions to stay that do not involve environmental issues,¹ formal expressions of intent to file an OFA under 49 CFR 1152.27(c)(2),² and trail use/rail banking requests under 49 CFR 1152.29³ must be filed by January 21, 1997. Petitions to reopen or requests for public use conditions under 49 CFR 1152.28 must be filed by January 29, 1997, with: Office of the Secretary, Case Control Branch, Surface Transportation Board, 1201 Constitution Avenue, N.W., Washington, DC 20423.

¹ The Board will grant a stay if an informed decision on environmental issues (whether raised by a party or by the Board's Section of Environmental Analysis in its independent investigation) cannot be made before the exemption's effective date. See *Exemption of Out-of-Service Rail Lines*, 5 I.C.C.2d 377 (1989). Any request for a stay should be filed as soon as possible so that the Board may take appropriate action before the exemption's effective date.

² See *Exempt. of Rail Abandonment—Offers of Finan. Assist.*, 4 I.C.C.2d 164 (1987).

³ The Board will accept late-filed trail use requests as long as the abandonment has not been consummated and the abandoning railroad is willing to negotiate an agreement.

A copy of any petition filed with the Board should be sent to applicant's representative: Karl Morell, Ball Janik LLP, 1455 F St., N.W., Suite 225, Washington, DC 20005.

If the verified notice contains false or misleading information, the exemption is void ab initio.

SKO has filed an environmental report which addresses the abandonment's effects, if any, on the environment and historic resources. The Section of Environmental Analysis (SEA) will issue an environmental assessment (EA) by

January 14, 1997. Interested persons may obtain a copy of the EA by writing to SEA (Room 3219, Surface Transportation Board, Washington, DC 20423) or by calling Elaine Kaiser, Chief of SEA, at (202) 927-6248. Comments on environmental and historic preservation matters must be filed within 15 days after the EA becomes available to the public.

Environmental, historic preservation, public use, or trail use/rail banking conditions will be imposed, where appropriate, in a subsequent decision.

Decided: January 3, 1997.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams,

Secretary.

[FR Doc. 97-484 Filed 1-8-97; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of the Secretary

Credit Union Study; Request for Comments

AGENCY: Office of the Secretary, DOT.

SUMMARY: Legislation recently enacted by Congress requires the Secretary of the Treasury (Secretary) to conduct a study of credit unions and submit a report to Congress by September 30, 1997.

This notice invites all interested parties to provide their views on the topics listed below and on any other issues relating to the study that they may wish to bring to our attention. We strongly encourage all interested parties to submit comments for the record.

DATES: Comments should be in writing and must be received by February 28, 1997.

ADDRESSES: Send written comments to: Credit Union Study, Department of the Treasury, Room 3025, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220.

FOR FURTHER INFORMATION CONTACT: For further information, please contact: Joan

Affleck-Smith, Director, Office of Financial Institutions Policy, at (202) 622-2740, or Edward DeMarco, Financial Economist, at (202) 622-2792.

SUPPLEMENTARY INFORMATION: Section 2606 of the Omnibus Consolidated Appropriations Act for 1997 (Public Law No. 104-208) requires the Secretary to conduct a study of corporate credit unions and other credit union issues. In conducting the study, the Secretary must consult with the National Credit Union Administration (NCUA), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).

Suggested Format of Comments

Please comment on some or all of the issues under study, as listed below.

I. National Credit Union Share Insurance Fund

In 1970, Congress created the National Credit Union Share Insurance Fund (NCUSIF) as a way for credit unions to obtain federal deposit insurance. Like the Federal Deposit Insurance Corporation's Bank Insurance Fund and Savings Association Insurance Fund, the NCUSIF insures each depositor for up to \$100,000. However, the NCUSIF is structured and administered differently than the insurance funds for banks and thrifts. In the legislation, Congress directs the Secretary to study specific issues pertaining to the NCUSIF.

First, the Secretary must evaluate the treatment of the NCUSIF's required 1 percent deposit by member credit unions. Legislation enacted in 1984 required each credit union to maintain a deposit with the NCUSIF equal to 1 percent of its insured shares. Credit unions count these deposits as assets while the NCUSIF counts these same funds as part of its equity. Congress raises the question of whether or not the accounting treatment of the 1 percent deposit is appropriate. Congress also requires the Secretary to study how the NCUA uses the deposit amounts when determining equity capital ratios.

Second, the Secretary must analyze the potential for, and potential effects of, having some entity other than the NCUA administer the NCUSIF.

We request comments on:

1. The NCUA's oversight of the NCUSIF;
2. The desirability of having credit unions expense the 1 percent deposit that they maintain at the NCUSIF; and
3. The advantages and disadvantages of separating the NCUSIF from the NCUA.

We also request responses to the following specific questions regarding the NCUSIF:

4. Does the current accounting treatment of credit unions' 1 percent deposit create risks to the NCUSIF, credit unions, or both? In particular, what is the risk that large losses in the NCUSIF would impair the 1 percent deposit at a time when credit unions were under stress?

5. If you believe that the 1 percent deposit should remain refundable (i.e., should continue to be treated as an asset), explain why. In particular, identify how such treatment promotes safety and soundness and protects the NCUSIF and ultimately the taxpayers. If the 1 percent deposit remains refundable, how should the deposit be used in determining a credit union's equity capital ratio?

If you believe that the 1 percent deposit should be expensed, explain why. In particular, identify how expensing the deposit would promote safety and soundness and protect the NCUSIF and ultimately the taxpayers. In addition, please describe how the existing deposits should be expensed.

6. The NCUA currently has a single office—the Office of Examination and Insurance—handle both examination and share insurance. Do any conflicts arise from that structure? Would any such conflicts be most properly handled by separating examination and insurance within the NCUA or by establishing management and oversight of the NCUSIF outside of the NCUA? If the latter, should the NCUSIF be a stand-alone agency or incorporated into the FDIC or some other existing federal agency? Explain.

7. What changes, if any, are needed in the NCUA's current oversight or operation of the NCUSIF? If you advocate changes, explain why those changes are needed. Identify the safety and soundness or taxpayer risk issues involved, and how your proposed solution deals with the identified problem.

II. Corporate Credit Unions

The network of corporate credit unions, including U.S. Central Credit Union, emerged in the 1970s to meet the liquidity and investment demands of the growing number of natural person credit unions. Currently, corporate credit unions provide liquidity to member credit unions, invest member credit unions' excess funds, and perform check-clearing and other related transactional services for member credit unions. In this study, we will examine, in cooperation with federal banking agencies, the ten largest corporate credit unions, including examining their investment practices,

financial stability, financial operations, and financial controls.

In addition, Congress directed the Secretary to evaluate the NCUA's supervision of corporate credit unions. Concern has been raised that, at least until recently, the NCUA did not adequately oversee the risk-taking of corporate credit unions and had no specialized examination group to deal with the unique circumstances of corporate credit unions. While the NCUA has addressed many of these shortcomings, Congress requested an assessment of the NCUA's supervision of corporates today.

At the time of this notice's publication, the NCUA is finalizing substantial changes to its regulation governing corporate credit unions, 12 CFR Part 704. The proposed changes to Part 704 would significantly alter certain regulatory requirements applicable to corporate credit unions. The NCUA received extensive public comments on those proposed changes, and we have reviewed those comments. In your comments, be careful to distinguish between Part 704 as in effect at the time this notice is published and the revised Part 704 proposed by the NCUA. Should the NCUA complete the rulemaking process and issue a final Part 704 regulation before the comment period for this notice ends, you should focus your comments on the new Part 704.

We request comments on:

8. The safety and soundness of corporate credit unions; and

9. The NCUA's supervision of corporate credit unions.

We also request responses to the following specific questions regarding corporate credit unions:

10. What is the appropriate scope of activities for corporate credit unions?

11. What risks, if any, do corporate credit unions pose today to natural person credit unions or to the NCUSIF?

12. Are the current investment practices of corporate credit unions appropriate? Are NCUA regulations and NCUA oversight adequate for the risks undertaken by corporate credit unions?

III. NCUA Regulations

Congress directed the Secretary to examine the NCUA's current regulations. In particular, we will focus on NCUA regulations affecting (i) the NCUSIF, (ii) corporate credit unions, and (iii) credit union safety and soundness.

At the time of this notice's publication, the NCUA is finalizing substantial changes to its regulation governing the investment and deposit activities of natural person credit unions

at 12 CFR Part 703. The proposed changes to Part 703 would significantly alter certain regulatory requirements applicable to such credit unions. The NCUA received extensive public comments on those proposed changes, and we will review those comments. In your comments, be careful to distinguish between Part 703 as in effect at the time this notice is published and the revised Part 703 proposed by the NCUA. Should the NCUA complete the rulemaking process and issue a final Part 703 regulation before the comment

period for this notice ends, you should focus your comments on the new Part 703.

We request comments on:

13. NCUA regulations in the specified areas.

We also request responses to the following specific questions regarding NCUA regulations:

14. In order to improve credit unions' safety and soundness, what changes, if any, should be made in the Federal Credit Union Act or the NCUA's regulations? Explain.

15. Are there elements of safety and soundness regulation of banks and thrifts that, if carried over to credit union regulation, would make a meaningful improvement in the NCUA's oversight of credit unions' safety and soundness? Explain.

Dated: December 26, 1996.

Richard S. Carnell,

Assistant Secretary for Financial Institutions.

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