facility, which is located at the north end of the 176-mile segment.

Natural states that it has agreed to sell the 176 miles of pipe to a non-affiliated third party, Mid-Valley Products Pipeline L.L.C., (Purchaser) for an arms-length negotiated sales price. Natural explains that the Purchaser will convert the 176 miles of pipe to petroleum products service and therefore, following receipt of abandonment authority, the ownership and operation of the pipe will not be subject to the NGA authority of the Commission. Natural indicates that the compressor units, for which abandonment authority is sought, are not being sold to the third party. Natural claims that these compressor units are old and have not been needed for Gulf Coast Mainline operations for some time.

Natural further states that Natural's remaining 30-inch No. 2 line and 36-inch No. 3 line, and the remaining compression along the 176-mile segment, will be fully adequate to serve current demand in that discrete section of its Gulf Coast Mainline.

Any person desiring to participate in the hearing process or to make any protest with reference to said application should on or before May 11, 1998, file with the Federal Energy Regulatory Commission, Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this application if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the authorization is required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Natural to appear or be represented at the hearing.

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 98–10900 Filed 4–23–98; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP98–349–000]

Transcontinental Gas Pipe Line Corporation; Notice of Application

April 20, 1998.

Take notice that on April 14, 1998, Transcontinental Gas Pipe Line Corporation (Transco), 2800 Post Oak Blvd., Houston, Texas 77056, filed in Docket No. CP98–340–000, an application pursuant to Section 7(b) of the Natural Gas Act, for permission and approval to abandon certain firm sales service provided to Owens-Corning Fiberglas Corporation (Owens-Corning) and the City of Lexington (Lexington), all as more fully set forth in the application on file with the Commission and open to public inspection.

Transco states that it entered into firm sales agreements with Owens-Corning and Lexington on August 1, 1991, under which Transco sells gas to Owens-Corning and Lexington under Transco's Rate Schedule FS. It is stated that one agreement is with Owens-Corning with a Daily Sales Entitlement of 3,000 Mcf per day, and that two of the agreements are with Lexington each with a daily Sales Entitlement of 1,000 Mcf per day.

In accordance with Paragraph 1 of Article IV of its FS Agreement, Transco states that it delivers gas to Owens-Corning and Lexington at various upstream points of delivery. Transco indicates that it acts as agent for Owens-Corning and Lexington, for the purpose of arranging for the transportation of gas purchased from the points of delivery to the points of redelivery identified in both Owens-Corning and Lexington's FS Agreement with Transco.

Transco seeks authorization to abandon the FS Agreements with Daily Sales Entitlement of 3,000 Mcf daily to Owens-Corning, and a total of 2,000 Mcf daily to Lexington, effective March 31, 1999, pursuant to the election of Owens-Corning and Lexington to terminate their respective FS Agreements with Transco.

Transco states that Paragraph 2 of Article II of the FS Agreements that Transco has with Owens-Corning and Lexington provides that at the end of the Primary Term, and on each anniversary date thereafter, the term of the service agreement will be extended by successive one Contract Year periods, unless either party notifies the other in writing not less than two Contract Years prior to the end of the Primary Term or two Contract Years prior to any anniversary date thereafter, of its election not to extend the term of the service agreement. Transco further states that Paragraph 1 of Article II of the FS Agreements define ''Contract Year'' as the period from the effective date (specified as November 1, 1990) through March 31, 1991, and each twelve month period thereafter for the term of the agreement.

It is stated that the Primary Term of the Owens-Corning Agreement ended on March 31, 1996, and that the Primary Term of the two Lexington FS Agreements ended March 31, 1994 and March 31, 1996, respectively. Transco avers that the Primary Terms of the FS Agreements were extended in accordance with Paragraph 2 of Article II of the FS Agreements. Owens-Corning, by letter dated March 31, 1997, and Lexington by letter also dated March 31, 1997, provided Transco with two-years notice to terminate their respective FS Agreements as of March 31, 1999.

Any person desiring to be heard or to make any protest with reference to said application should on or before May 11, 1998, file with the Federal Energy Regulatory Commission, Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this application if no motion to intervene is

filed within the time required herein, if the Commission on its own review of the matter finds that permission and approval for the proposed abandonment are required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Transco to appear or be represented at the hearing.

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 98–10899 Filed 4–23–98; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PL98–6–000]

Inquiry Concerning the Commission's Policy on the Use of Computer Models in Merger Analysis; Notice of Request for Written Comments and Intent To Convene a Technical Conference

The Federal Energy Regulatory Commission (Commission) hereby announces that it is requesting comments on the use of computer models in merger analysis and intends to convene a public conference to discuss this matter. The purpose of this inquiry is to gain further input and insight into whether and how computer models should be used in the analysis of mergers, including whether computer models can be useful in a horizontal screen analysis that follows the Appendix A guidelines of the Merger Policy Statement.[1]

We are issuing this request concurrently with the Notice of Proposed Rulemaking on Revised Filing Requirements Under Part 33 of the Commission's Regulations (Docket No. RM98–4–000). In that NOPR we identify the use of computer models as an emerging issue in the analysis of mergers. We are issuing this notice concurrently in order to inform the Commission's understanding of the current and likely future role played by computer models in merger analysis. The attachment to this notice provides a framework for discussion of models and includes a sample model intended to serve as a starting point for discussion and comment.

I. Introduction

The use of computer models—specifically, computer programs used to simulate the electric power market—has been raised in comments on the Policy Statement and also in specific cases. In comments on the Policy Statement, the Department of Justice (DOJ) recommended using computer simulations to delineate markets. DOJ also noted that these simulations could be helpful in gauging the market power of the merged firm.[2]

In *Primergy*, the applicants used a computer simulation in their market power analysis. We did not accept the results of this computer simulation, in part because we felt that the model was not properly structured or tested. However, it was not our intention to inhibit the use of computer models. We emphasized that ''we do not wish to discourage the development of computer models for use in merger analysis''.[3]

The Commission continues to believe that a properly structured computer model could account for important physical and economic effects in analyses of mergers and may be a valuable tool to use in horizontal screen analyses. A computer model could be particularly useful in identifying the suppliers in the geographic market that are capable of competing with the merged company. A computer model may also provide a framework to help ensure consistency in the treatment of those data in identifying suppliers in a geographic market.

Two important ways in which a computer model could improve the accuracy of the delivered price test are: (1) by explicitly representing economic interactions between suppliers and loads at various nodes in the transmission network and (2) by accounting for the transmission flows that result from power transactions. We discuss these and other matters in greater detail in the Attachment.

Interactions between suppliers and loads. In competitive markets for electric energy, decisions about what suppliers would serve what loads are likely to be driven by short-run marginal costs, including the opportunity cost to suppliers of serving one load rather than another. Because there can be many possible combinations of supplies and loads, some form of computer model could be helpful in estimating such combinations.

Transmission flows from exchanges of power. Because of the properties of electric power flows, exchanges of power between control areas affect flows throughout the transmission grid. Any reasonable approximation of these effects may require a computer model to make the many calculations needed to simulate the electric power flows.

Developing and using a computer model involves a number of choices about the structure of the model, the level of detail reflected in the model, the sources of information, and other issues. These issues are discussed in the Attachment. If these technical aspects of model design and development can be addressed adequately, a computer program could be helpful in defining geographic markets. One common approach to market simulation, discussed further as an example in the Attachment, is to model the dispatch of generation to meet loads in the transmission network. The simulation model in the example estimates market outcomes that minimize the total cost of generation and transmission. The contribution of such a program to a delivered price analysis is illustrated by briefly describing the output information that the model could provide. Typical output from a program could consist of the following:

- Generation levels. The computer model would show the level of output of each generator.
- Power traded. The model would show the net quantity of power traded between interconnected areas[4] under economic dispatch.
- Flows on the transmission grid. The model would show the quantity of power flowing through each transmission facility represented in the model, constrained by any transmission capacity limits that have been input to the model. The effects of binding limits would be reflected in model output of generation levels and power prices.
- Prices for power. For each area, the model would show the marginal cost of power. This price can also be interpreted as the market-clearing price for the area.

II. Request for Written Comments

If a computer model were available to produce the types of output described above, we believe that its use could both enhance and potentially expedite delivered price analyses. However, the

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[1] Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement, Order No. 592, FERC Stats. & Regs. ¶ 31,044 (1996), *order on reconsideration*, 78 FERC ¶ 61,321 (1997) (Policy Statement).

[2] Appendix to DOJ Merger NOI Comments at A–11, n12.

[3] Wisconsin Electric Power Company, *et al.* (*Primergy*), 79 FERC ¶ 61,158 at 61,694 (1997).

[4] Typically, the interconnected areas would be control or planning areas, but the exact geographic area would depend on how the model was implemented.