

Section 1204 of the Transportation Equity Act for the 21st Century (TEA-21), Public Law 105-178, 112 Stat. 107 (June 9, 1998), further amended 23 U.S.C. 135, while preserving the statewide planning requirement for a continuing, comprehensive, and cooperative planning process. Although the TEA-21 did not significantly alter the current decisionmaking relationship among governmental units, it does demonstrate the Congress' continued emphasis on States consultation with non-metropolitan local officials in transportation planning and programming. Consultation with non-metropolitan local officials in transportation planning and programming is the specific subject of the SNPRM, which the FHWA and the FTA published June 19, 2002, at 67 FR 41648.

The SNPRM provided an alternative proposal regarding consultation with non-metropolitan local officials which is different from that contained in the FHWA and the FTA notice of proposed rulemaking (NPRM) published on May 25, 2000 (65 FR 33922), which detailed proposed revisions to the existing planning regulations issued on October 28, 1993, at 58 FR 58040. Comments were solicited until August 23, 2000 (later extended to September 23, 2000, by a July 7, 2000, **Federal Register** notice at 65 FR 41891). The docket is still open.

The House report (H.R. Rep. No. 107-108, at 80 (2001)) that accompanied the U.S. DOT Appropriations Act for fiscal year (FY) 2002 (Pub. L. 107-87), and the conference report (H.R. Rep. No. 107-350 (2001)) for the Department of Defense FY 02 Appropriations Act (Pub. L. 107-117), contained several transportation provisions. They include language directing the U.S. DOT to promulgate a final rule, no later than February 1, 2002, to amend the FHWA and FTA planning regulations to ensure transportation officials from rural areas are consulted in long range transportation planning and programming.

The original comment period for the SNPRM is set to close on August 19, 2002. The AASHTO, NACO, and NADO are working together to develop joint comments on the SNPRM, and they jointly expressed concern that this closing date does not provide sufficient time to review the proposed changes, consolidate comments, and submit them. To allow time for these organizations and others to prepare and submit appropriate comments, the closing date for comments is changed from August 19, 2002, to September 19, 2002.

**Authority:** 23 U.S.C. 134, 135, and 315; and 49 U.S.C. 5303-5306.

Issued on: August 8, 2002.

**Mary E. Peters,**  
*Federal Highway Administrator.*

**Jennifer L. Dorn,**  
*Federal Transit Administrator.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-106359-02]

RIN 1545-BA57

#### Compensatory Stock Options Under Section 482; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correction to notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains corrections to a notice of proposed rulemaking and notice of public hearing published in the **Federal Register** on Monday, July 29, 2002 (67 FR 48997) that provides guidance regarding the application of the rules of section 482 governing qualified cost sharing arrangements.

**FOR FURTHER INFORMATION CONTACT:** Douglas Giblen, (202) 874-1490 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

The temporary regulations that are the subject of these corrections are under section 355(e) of the Internal Revenue Code.

##### Need for Correction

As published, REG-106359-02 contains errors which may prove to be misleading and are in need of clarification.

##### Correction of Publication

Accordingly, the publication of the (REG-106359-02), which is the subject of FR Doc. 02-19126 is corrected as follows:

1. On page 49001, column 2, in the preamble under the paragraph heading "Comments and Public Hearing", first full paragraph, line 2, the language "for October 21, 2002, at 10 a.m., in" is corrected to read "for November 20, 2002, at 10 a.m., in".

2. On page 49001, column 2, in the preamble under the paragraph heading

"Comments and Public Hearing", second paragraph, third line from the bottom, the language "September 30, 2002. A period of 10" is corrected to read "October 30, 2002. A period of 10".

**Cynthia Grigsby,**

*Chief, Regulations Unit, Associate Chief Counsel (Income Tax and Accounting).*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-248110-96]

RIN 1545-AY48

#### Guidance Under Section 817A Regarding Modified Guaranteed Contracts; Hearing Cancellation

**AGENCY:** Internal Revenue Service (IRS), Treasury.

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

**SUMMARY:** This document cancels the public hearing on proposed regulations that affects insurance companies that define the interest rate to be used with respect to certain insurance contracts that guarantee higher returns for an initial, temporary period.

**DATES:** The public hearing originally scheduled for Tuesday, August 27, 2002, at 10 a.m., is cancelled.

**FOR FURTHER INFORMATION CONTACT:** LaNita Van Dyke of the Regulations Unit, Associate Chief Counsel (Income Tax and Accounting), (202) 622-7190 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** A notice of proposed rulemaking and notice of public hearing that appeared in the **Federal Register** on Monday, June 03, 2002 (67 FR 38214), announced that a public hearing was scheduled for Tuesday, August 27, 2002, at 10 a.m., in room 4718, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is proposed regulations under section 817 of the Internal Revenue Code. The public comment period for these proposed regulations expired on Tuesday, August 6, 2002.

The notice of proposed rulemaking and notice of public hearing, instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of Monday, August 12, 2002, no one has requested to speak. Therefore, the public hearing scheduled

for Tuesday, August 27, 2002, is cancelled.

**Cynthia E. Grigsby,**

*Chief, Regulations Unit, Associate Chief Counsel (Income Tax and Accounting).*

[FR Doc. 02-20759 Filed 8-14-02; 8:45 am]

BILLING CODE 4830-01-P

## POSTAL SERVICE

### 39 CFR Part 111

#### Firm Pieces in Presorted Bound Printed Matter Mailings

**AGENCY:** Postal Service.

**ACTION:** Clarification.

**SUMMARY:** This document clarifies and responds to comments on the mail preparation standards for Presorted Bound Printed Matter (BPM) mailings that include individually addressed firm pieces. The term "firm piece" is generally used to describe a mailpiece that consists of more than one component (all destined for the same delivery address) composited into a single addressed mailpiece.

**FOR FURTHER INFORMATION CONTACT:** Tom DeVaughan, 703-292-3640; or Marc McCrery, 202-268-2704.

**SUPPLEMENTARY INFORMATION:** On April 24, 2002, the Postal Service published in the **Federal Register** (67 FR 20074) a request for comment on the Domestic Mail Manual (DMM) eligibility and mail preparation standards for firm pieces in Presorted BPM mailings. The notice sought comment on the application of the existing rules; it did not propose any change to the DMM.

The Postal Service received comments from four printers, two mail owners, and two presort software vendors. Several of the comments received were outside the scope of the notice. Four commenters included a statement that they were opposed to the change or "proposal." However, the notice was clarifying and not proposing to change any DMM eligibility or mail preparation standards.

Two commenters stated that they are in agreement with the current standards and that no changes are necessary, as long as all BPM mailers are required to meet the standards for both mail preparation (based on the characteristics of the mailpiece) and destination entry rate eligibility (based on the entry of the mailpiece).

BPM irregular parcels weighing less than 10 pounds have essentially the same preparation standards as flats: they must first be prepared into presort destination packages (e.g., secure

multiple addressed pieces destined for the same 3-digit ZIP Code together in a 3-digit package), as appropriate, prior to sacking and palletization. Several commenters insisted that the Postal Service granted exceptions to this preparation in the past.

BPM standards were completely rewritten with industry participation for R2001-1 implementation on January 7, 2001. The USPS pointed to how the new standards would reduce postal processing costs, help mitigate future postage rate increases, and make it easier to determine when BPM mailings are not prepared properly for the rates claimed. For BPM to be eligible for Presorted rates, pieces must be presorted into destination packages to the finest extent possible, with each presort destination package containing a minimum of two addressed pieces. BPM mailings not prepared in accordance with these standards are not eligible for Presorted rates and, thus, are also not eligible for destination entry rates (like Standard Mail preparation). The exception is that BPM irregular parcels placed directly in 5-digit scheme or 5-digit sacks or on 5-digit scheme or 5-digit pallets are not required to be first be secured together in 5-digit presort destination packages. Machinable parcels placed on 5-digit scheme or 5-digit pallets and BMC pallets also do not require presort (destination) package preparation.

One commenter stated that the Postal Service could use small parcel and bundle sorters (SPBSs) to sort single individually addressed firm pieces to 5-digit destinations. This scenario is not possible in all cases because not all SCFs have SPBSs. The most efficient way for the Postal Service to process parcels to the 5-digit level is to sort machinable parcels on bulk mail center (BMC) parcel sorting machines (PSMs). Irregular parcels, such as BPM firm pieces, that do not meet the machinable criteria for processing on PSMs are more costly to sort as individual pieces and are therefore required to be placed in presort destination packages to minimize piece distribution costs. Parcels placed on 5-digit scheme, 5-digit, and optional 5-digit metro pallets do not have to meet machinability criteria for PSMs because they would by-pass that operation and avoid the piece distribution costs.

One commenter stated that pieces of Standard Mail flats may, at the mailer's option, be grouped together to create a BPM irregular parcel, thus allowing them to be mailed at BPM rates, which are less than if each component were mailed individually at Standard Mail rates. The Postal Service agrees with

this option, provided the mailer then secures these BPM pieces together in accordance with the required mail preparation standards for the BPM rates claimed (i.e., presort destination packages are required).

A majority of BPM firm piece preparation results in the creation of irregular parcels weighing less than 10 pounds each (as described in DMM M722.1.1). Although BPM irregular parcels are flat in shape, they generally exceed the flat sorting machine maximums for flat-size piece processing in thickness (3/4 inch) as defined in DMM C050. Processing of individual machinable BPM parcels is performed at BMCs and, in limited situations, at auxiliary service facilities (ASFs), but not in sectional center facilities (SCFs). Four commenters stated that because the Postal Service permits Periodicals mailers to prepare firm pieces and to use a "firm" optional endorsement line to identify them, it should also be permitted in BPM mailings. Unlike the rates for Periodicals mail, BPM presorted rates are not structured to accommodate firm piece preparation and the costs associated with processing single addressed pieces (except for machinable parcels) claimed at a Presorted rate. Periodicals rates place greater emphasis on the pound rate portions (advertising and nonadvertising), whereas BPM rates place greater emphasis on the addressed piece rate portion.

Use of a firm optional endorsement line (OEL) is practical only with Periodicals mailings, since those firm pieces are not permitted to be physically secured with other pieces within a presort destination package. Including firm pieces within presort destination packages of BPM when mailers rely solely on OELs for labeling of presort destination packages does not accommodate two possible destinations within a presort destination package (e.g., firm and 5-digit). If the firm piece were the top piece in a presort destination package, it is likely that the entire package would be delivered to the address on that firm piece. One commenter stated that requiring the use of facing slips in lieu of OELs is counterproductive. The Postal Service simply suggested facing slips as means of overcoming the above scenario.

One commenter asked if the increase in maximum weight for a BPM piece was considered. The increase in weight limits for BPM mailpieces occurred October 5, 1997, more than three years before R2000-1 implementation on January 7, 2001.

Three commenters stated that they run a "pre-pass" to determine the