DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 1025–020]

Safe Harbor Water Power Corporation; Notice of Availability of Environmental Assessment

October 28, 1998.

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Commission's (Commission's) regulations, 18 CFR part 380 (Order 486, 52 FR 47897), the Commission's Office of Hydropower Licensing has reviewed the application for license amendment for the Safe Harbor Hydroelectric Project,No. 1025–020. The Safe Harbor Project is located on the Susquehanna River in York and Lancaster Counties, Pennsylvania. The licensee is proposing to raise the normal maximum forebay elevation by 0.8 ft., from Elevation 227.2 ft. to Elevation 228.0 ft. Raising the forebay elevation can be completed operationally, and would not require any modifications to project structures. A Final Environmental Assessment (FEA) was prepared, and the FEA finds that approving the amendment application would not constitute a major federal action significantly affecting the quality of the human environment.

Copies of the FEA are available for review in the Commission's Reference and Information Center, Room 2A, 888 First Street, N.E., Washington, D.C. 20426. For further information, please contact Ms.Hillary Berlin, at (202) 219–0038.

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 98–29360 Filed 11–2–98; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PL99–1–000]

Federal and State Regulation of Natural Gas Services; Notice of Conference

October 28, 1998.

Take notice that the Federal Energy Regulatory Commission (Commission) will host a conference on February 25, 1999, to discuss the relationship between the federal regulation of interstate natural gas pipelines and the unbundling of retail natural gas service at the state level.

As the Commission has recently stated, ''[r]etail unbundling of natural gas services must be recognized as an important element in the evolving national energy market.'' [1] The relationship between state retail unbundling and federal regulation of the pipeline system has important implications for the smooth functioning of the natural gas pipeline grid. Thus, the Commission is interested in encouraging an environment that will allow state commissions and local distribution companies to implement retail unbundling in a manner that also accommodates the Commission's goals for the pipeline grid.

To this end, the Commission is interested in hearing different views on how to coordinate federal and state regulation in the new competitive gas market. The Commission is also interested in understanding the status of retail unbundling. The Commission's goal is to ensure an environment in which natural gas users can reap the benefits of both the restructured interstate natural gas market created by Order No. 636 and retail unbundling, when chosen as the preferred policy at the state level. Since the Commission is currently engaged in a comprehensive reexamination of its natural gas policies,[2] this appears to be an appropriate time to examine the interrelationship of the Commission's policies and proposals and the state retail policies. Therefore, the Commission has decided to convene this conference.

Scope of Discussion. The Commission is interested in determining the status of the unbundling of retail natural gas service. Specifically the Commission is interested in the following issues: Which states have already implemented retail unbundling programs? What are the chief components of these programs? What have been the benefits of such programs? How have local distribution companies (LDCs) implemented state unbundling programs? Which states are currently considering implementing retail unbundling programs? What are the various proposals for unbundling programs that are being considered? How do the state programs address the issue of the allocation of capacity on interstate pipelines? What types of stranded costs issues are state commissions confronting or are likely to confront? Specifically, how are states dealing with stranded costs of upstream pipeline capacity? How should an LDC's status as a supplier of last resort, if applicable, influence policies on both sides of the city gate, *e.g.*, open access and retail unbundling? What is the relationship between state unbundling plans and federal regulation? For example, how do state unbundling plans work with the Commission's capacity release regulations and the ''shipper must have title'' policy? What effect do particular rate designs have on an LDC's ability to be competitive?

The Commission is also interested in determining what actions by the Commission, or the states, could help remove any impediments to, or facilitate the appropriate development of, state retail unbundling, while at the same time maintaining the benefits of the restructured interstate natural gas market created by Order No. 636. Specifically, the Commission is interested in the following questions: How do states take into account federal regulations or policies when developing state retail unbundling plans? What types of inconsistencies may arise, or have arisen, between federal and state regulation when it comes to state retail unbundling programs? Should inconsistencies between federal and state regulation with respect to retail unbundling be resolved by waivers on a case-by-case basis or is a generic approach required? What effect would the proposals in the Notice of Proposed Rulemaking in *Short Term Natural Gas Transportation Services*, Docket No. RM98–10–000, have on state retail unbundling? What effect would the potential changes discussed in the Notice of Inquiry in *Regulation of Interstate Natural Gas Transportation Service*, Docket No. RM98–12–000, have on state retail unbundling?

Conference location. The conference will be held at the offices of the Federal Energy Regulatory Commission in the Commission Meeting Room, Room 2C, 888 First Street, NE., Washington, DC, 20426. Speakers that have audio/visual requirements should contact Wanda Washington at (202) 208–1460, no later than February 11, 1999.

Procedures to Participate. In order to obtain a complete picture of the relationship between federal regulation and state unbundling, the Commission seeks the views of all segments of the gas industry, especially state commissions and LDCs. The conference will be organized so that a cross section of views are obtained. Any person who wishes to participate in the conference should submit a written request to the

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[1] Atlanta Gas Light Company, 84 FERC ¶ 61,119 at 61,638 (1998).

[2] Regulation of Short-Term Natural Gas Transportation Services, Notice of Proposed Rulemaking, 63 FR 42982 (Aug. 11, 1998) and Regulation of Interstate Natural Gas Transportation Services, Notice of Inquiry, 63 FR 42974 (Aug. 11, 1998).

Secretary of the Commission by January 26, 1999. The request should indicate the scope of the participants' planned remarks. This will assist in selecting the members of each panel. A separate notice organizing the conference will be issued at a later date.

Written comments may be filed at any time, but should be filed within 15 days after the conference.

The Capitol Connection will broadcast live the audio from the public conference on its wireless cable system in the Washington, DC area. If there is sufficient interest from those outside the Washington, DC metropolitan area, the Capitol Connection may broadcast the conference live via satellite for a fee. Persons interested in receiving the audio broadcast, or who need more information, should contact Shirley Al-Jarnai or Julia Morelli at the Capitol Connection at (703) 993–3100, no later than February 18, 1999.

In addition, National Narrowcast Network's Hearing-On-The-Line service covers all FERC meetings live by telephone. Call (202) 966–2211 for details. Billing is based on time on-line.

All questions concerning the format of the conference should be directed to:

David Faerberg, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 208–1275

John Carlson, Office of Pipeline Regulation, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 208–0288

Linwood A. Watson, Jr.,

Acting Secretary.

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ENVIRONMENTAL PROTECTION AGENCY

[FRL–6183–2]

Drinking Water State Revolving Fund (DWSRF) Program Policy Announcement: Eligibility of Using DWSRF Funds to Create a New Public Water System

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The U.S. Environmental Protection Agency (EPA) is issuing a policy decision for the Drinking Water State Revolving Fund (DWSRF) program that will allow States to make loans for projects that are needed to solve public health problems for residents currently served by individual wells or surface water sources. This policy would expand the universe of eligible loan recipients by allowing loans to an entity that is not currently a public water system, but which will become a public water system upon completion of the project. The Agency published the proposed policy in the **Federal Register** on June 12, 1998 to seek comment. Comments received during a public comment period and in a stakeholder meeting held on July 13, 1998 were considered in developing the final policy.

Background

Section 1452(a)(2) of the Safe Drinking Water Act (SDWA) Amendments states that ''financial assistance under this section may be used by a public water system only for expenditures . . . which . . . will facilitate compliance with national primary drinking water regulations . . . .'' The Act defines a public water system (PWS) as a ''system . . . (of) pipes or other constructed conveyances'' which regularly serves at least 15 service connections or at least 25 individuals.

Several States indicated that a strict interpretation of this provision would prevent them from providing funds to an entity (e.g., homeowners' association, township) that has a public health problem and is not currently a PWS, but which would become a federally regulated PWS upon construction of a piped system. States want the flexibility to provide DWSRF funds to these entities in order to solve public health problems posed by contaminated wells. While the SDWA does allow States to lend funds to an existing PWS to extend lines to solve these types of public health problems, not all of these situations have an existing PWS nearby that is willing or able to help.

EPA believes that the statute permits the DWSRF to be used to create a federally regulated PWS in limited circumstances to solve public health problems intended to be addressed by the statute. However, the Agency proposed several conditions in its June 12, 1998 **Federal Register** proposal which would have to be met before such a project could be funded. They were: (a) upon completion of the project, the entity responsible for the loan must meet the definition of a Federal community public water system; (b) funding is limited to projects on the State's fundable list where an actual public health problem with serious risks exists; (c) the project must be limited in scope to the specific geographic area affected by contamination; (d) the project can only be sized to accomodate a reasonable amount of growth expected over the life of the facility—growth cannot be a substantial portion of the project; and (e) the project must meet the same technical, financial and managerial capacity requirements that the SDWA requires of all DWSRF assistance recipients.

Comments

Comments were received from 31 parties by July 27, 1998 (1 week after close of the comment period). Support was divided, with 17 in favor of, and 14 opposed to, the proposal. Commentors in support of the policy came from state health and environmental quality departments, national associations representing water utilities, engineering professionals and town managers. Commentors opposed to the policy were from national associations representing ground water professionals, and representatives of state well driller's associations and associated industries.

Most of the comments in support of the policy only asked for clarification of the language used in the proposal. One commentor asked that the policy be extended to address situations where homeowners receive unsafe drinking water from surface water sources.

There were three main concerns expressed by those opposing the policy. The first was that, in proposing such a policy, EPA is implying that drinking water provided by private wells is unsafe or inferior to that provided by public water systems. Comments indicated that the Agency does not distinguish between contaminated wells and contaminated ground water and that, in the case of the former, there are often solutions that will result in the provision of safe drinking water. The second concern was that, in rushing to build new water systems, communities and states would not sufficiently evaluate all possible alternatives to solving a problem in an effort to identify the most cost-effective solution. The third concern was that homeowners served by private wells would be forced to ''hook-on'' to a system, would not receive sufficient notice when a PWS was proposed, or would not receive balanced information about alternatives to construction of a new PWS. A concern raised by environmental organizations at a stakeholder meeting held to discuss the proposal was that the policy could result in growth or urban sprawl. Although EPA limits projects to encompass ''reasonable growth'', it provides no definition of what is reasonable.