The existing document is not applicable to much of the new technology, so that its continuation would have forced REA borrowers to use outmoded less cost-effective technology. If the existing specification was withdrawn rather than revised there would be no REA radio equipment specification which manufacturers would be required to meet. Unacceptable radio equipment could be sold to REA borrowers which would result in the loss of telephone system effectiveness and a threat to REA loan security. As a result, revision of the document along these lines was considered to be in the best interest of the program.

This program is listed in the Catalog of Federal Domestic Assistance as 10.851—Rural Telephone Loans and Loan Guarantees.

A Notice of Proposed Rulemaking was published in the **Federal Register** on January 29, 1982. No public comments were received as a result of this notice.

List of Subjects, 7 CFR Part 1701

Administrative practice and procedure, Loan programs—communications, Telecommunications, Telephone.

Dated: May 28, 1982.

Harold V. Hunter,

Administrator.

[FR Doc. 82-15253 Filed 6-3-82; 8:45 am]

BILLING CODE 3410-15-M

FEDERAL RESERVE SYSTEM

12 CFR Part 217

[Docket No. R-0408]

Interest on Deposits; Temporary Supension of Early Withdrawal Penalty

AGENCY: Federal Reserve System.

ACTION: Temporary suspension of early withdrawal penalty.

SUMMARY: The Board of Governors, acting through its Secretary, pursuant to delegated authority, has suspended temporarily the Regulation Q penalty for the withdrawal of time deposits prior to maturity from member banks for depositors affected by severe storms and flooding in Wichita County, Texas.

EFFECTIVE DATE: May 25, 1982.

FOR FURTHER INFORMATION CONTACT: Daniel L. Rhoads, attorney (202/452-3711) or Beverly A. Belcamino, Attorney (202/452-3623).

SUPPLEMENTARY INFORMATION: On May 25, 1982, pursuant to section 301 of the Disaster Relief Act of 1974 (42 U.S.C. 5141) and Executive Order 12148 of July 15, 1979, the President, acting through the Director of the Federal Emergency Management Agency, designated Wichita County, Texas, a major disaster area. The Board regards the President's action as recognition by the Federal government that a disaster of major proportions had occurred. The President's designation enables victims of the disaster to quality for special emergency financial assistance. The Board believes it appropriate to provide an additional measure of assistance to victims by temporarily suspending the Regulation Q early withdrawal penalty (12 CFR 217.4(d)). The Board's action permits a member bank wherever located, to pay a time deposit before maturity without imposing this penalty upon a showing that the depositor has suffered property or other financial loss in the disaster area as a result of the severe storms and flooding beginning on or about May 12, 1982. A member bank should obtain from a depositor seeking to withdraw a time deposit pursuant to this action a signed statement describing fully the disaster-related loss. This statement should be approved and certified by an officer of the bank. This action will be retroactive to May 25, 1982, and will remain in effect until 12 midnight, November 25, 1982.

List of Subjects in 12 CFR Part 217

Advertising, Banks, banking, Federal Reserve System, Foreign banking.

In view of the urgent need to provide immediate assistance to relieve the financial hardship being suffered by persons in Wichita County, Texas, directly affected by the severe storms and flooding, good cause exists for dispensing with the notice and public participation provisions in section 553(b) of Title 5 of the United States Code with respect to this action. Because of the need to provide assistance as soon as possible and because the Board's action relieves a restriction, there is good cause to make this action effective immediate.

By order of the Board of Governors, acting through its Secretary, pursuant to delegated authority, May 28, 1982.

William W. Wiles,

Secretary of the Board.

[FR Doc. 82-15121 Filed 6-3-82; 8:45 am]

BILLING CODE 6210-01-M

FEDERAL HOME LOAN BANK BOARD

12 CFR Part 563b

[No. 82-390]

Conversion From Mutual to Stock Form; Technical Amendments

Dated: May 28, 1982.

AGENCY: Federal Home Loan Bank Board.

ACTION: Final rule.

SUMMARY: The Federal Home Loan Bank Board ("Board"), as the operating head of the Federal Savings and Loan Insurance Corporation ("Corporation"), is amending its Conversion Regulations to extend for one year, to May 5, 1983, the former three-year restriction on the post-conversion acquisition of more than ten percent of the stock of an institution which had converted from the mutual to the stock form of organization prior to May 5, 1982. The board also is extending the delegation of authority granted to the General Counsel to approve applications for conversion. This document corrects two inadvertent omissions to the amendments to Part 563b published at 47 FR 19673, May 7, 1982.

EFFECTIVE DATE: May 28, 1982.

FOR FURTHER INFORMATION CONTACT: Harry M. Zimmerman, Jr., (202-377-6459), Director, Division of Securities and Corporate Analysis, or J. Larry Fleck, (202-377-6413), Deputy Director, Division of Securities and Corporate Analysis, Office of General Counsel, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D.C. 20552.

SUPPLEMENTARY INFORMATION: By Resolution No. 82-311, effective May 5, 1982 (47 FR 19672; May 7, 1982), the Board adopted extensive amendments to Part 563b of the Rules and Regulations of the Federal Savings and Loan Insurance Corporation, 12 CFR Part 563b ("Conversion Regulations"). Among the amendments were the redesignation of § 563b.9(d) as § 563b.3(i)(3), and the revision of redesignated § 563.3(i)(3) to reduce from three years to one year the period during which no person without the prior written consent of the Corporation may offer to acquire or acquire more than ten percent of the stock of an institution which had converted to the stock form under the Conversion Regulations. Also in Resolution 82-311, the Board adopted new § 563b.3(i)(6), which permits converting institutions to adopt an optional charter provision which prohibits for a three-year period following conversion the acquisition by any person or more than ten percent of the equity securities of the converted institution.

The Board did not intend new § 563b.3(i)(3) to be applicable to institutions which had completed their conversions before the effective date of the amendment. However, the Board recognizes that because its amended regulations do not have an explicit savings clause with respect to former § 563b.9(d), that intent may not be clear.

Having further considered the issue of the application of § 563b.3(i)(3), the Board has determined to redesignate certain paragraphs of § 563b.3(i), and to add new § 563b.3(i)(4), which provides that the provisions of former § 563b.9(d) shall continue to be applicable until May 5, 1983. This one-year period will enable recently converted institutions to assess their positions concerning the post-conversion acquisition of their equity securities, and to propose to their stockholders the adoption of the § 563b.(3)(i)(6) charter provision if they believe that it would be in the best interests of their stockholders.

In new § 563.8(w)(2) of the Conversion Regulations, the Board delegated to the General Counsel or his designee the authority to approve but not to deny applications for conversion, and to exercise any other authority of the Corporation under the Conversion Regulations, subject to certain specified exceptions. Through inadvertence the Board did not specifically delegate to the General Counsel or his designee the authority to approve but not to deny certain related applications that are an integral part of a conversion application, *i.e.*, applications for approval of security forms under § 563.1, applications for approval of charter and bylaws amendments affecting securities under § 563.1, and applications for approval of federal charter and bylaw amendments under §§ 544.1, 544.5 and 552.2 of the Rules and Regulations for the Federal Savings and Loan System. Therefore, the Board is amending 563b.8(w)(2) to extend the General Counsel's delegated authority to approve these related applications when filed with an application for conversion.

Because these amendments constitute technical revisions to the Board's Conversion Regulations, the Board has determined that the notice and comment procedures of 5 U.S.C. 522(b) and 12 CFR 508.11, and the 30-day delayed effective date imposed by 5 U.S.C. 552(d) and 12 CFR 508.14, are unnecessary and not in the public interest.

List of Subjects in 12 CFR Part 563b

Savings and loan associations, Securities.

Accordingly, the Board hereby amends Part 563b, Subchapter D, Chapter V of Title 12, Code of Federal Regulations, as set forth below.

PART 563b— CONVERSION FROM MUTUAL TO STOCK FORM

SUBCHAPTER D—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

1. Amend § 563b.3 by redesignating paragraphs (i)(4) through (i)(8) as paragraphs (i)(5) through (i)(9), respectively; adding new paragraph (i)(4); and revising redesignated paragraphs (i)(5) (ii) and (iii), and redesignated paragraph (i)(6); to read as follows:

§ 563b.3 General principles for conversions.

* * * * *

(i) *Acquisition of the securities of converting and converted insured institutions.*

* * * * *

(4) *Savings clause for institutions that had converted prior to May 5, 1982.* Until May 5, 1983, no person for a period of 3 years following the date of the completion of the conversion shall directly or indirectly offer to acquire or acquire the beneficial ownership of more than 10 percent of any class of equity securities of an insured institution converted in accordance with the provision of this Part 563b, without the prior written approval of the corporation.

(5) *Exceptions.*

* * * * *

(ii) Paragraphs (i) (2), (3), and (4) of this section shall not apply to any offer with a view toward public resale made exclusively to the association or underwriters or selling group acting on its behalf.

(iii) Unless made applicable by the Corporation by prior advice in writing, the prohibitions contained in paragraphs (i) (3) and (4) of this section shall not apply to any offer or announcement of an offer which if consummated would result in the acquisition by a person, together with all other acquisitions by the person of the same class of securities during the preceding 12-month period, of not more than 1 percent of the class of securities.

(6) *Criteria for denial.* The Corporation shall not approve an application involving an offer for, or an announcement thereof, or an acquisition of any security of a converted association submitted under paragraphs (i) (3) or (4) of this section if it finds that such offer frustrates the purpose of the provisions of this Part 563b, is manipulative or deceptive, subverts the fairness of the conversion, is likely to result in injury to the association, is not consistent with economical home financing, or is otherwise violative of law or regulation.

* * * * *

2. Amend § 563b.8 by revising paragraph (w)(2) to read as follows:

§ 563b.8 Procedural requirements.

* * * * *

(w) *Delegation of authority.*

(1) * * *

(2) *Approval of applications for conversion.* The Corporation delegates to the General Counsel or his designee the authority to approve but not to deny applications for conversion pursuant to the standards and restrictions set forth in this Part 563b, and to exercise any other authority of the Corporation under this Part 563b, excepting (i) the authority to waive any provision of this Part 563b pursuant to § 563b.1(a); (ii) the authority to approve other equitable provisions in the plan of conversion under § 563b.3(d)(13); (iii) the authority to approve any application for conversion in regard to which an objection has been filed pursuant to § 563b.4(b)(1); (iv) the authority to approve or deny an application for approval to offer to acquire or to acquire more than 10 percent of the stock of a converted insured institution under § 563b.3(i)(3); (v) the authority to approve or deny applications for conversion pursuant to § 563b.9; and (vi) the authority to approve or deny applications for conversion pursuant to § 563b.10. The Board also delegates to the General Counsel or his designee, in connection with the approval of an application for conversion under this Part 563b, the authority to approve but not to deny applications for approval of security forms, charter amendments, and bylaw amendments under § 563.1 of this Subchapter, and §§ 544.1, 544.5, and 555.2 of this Chapter.

(Secs. 402, 403, 407, 48 Stat. 1256, 1257, 1260, as amended. 12 U.S.C. 1725, 1726, 1730; Sec. 5, 48 Stat. 132, as amended; 12 U.S.C. 1464. Reorg. Plan No. 3 of 1947, 12 FR 4981, 3 CFR 1943–48 Comp. 1071)

By the Federal Home Loan Bank Board.

J. J. Finn,

Secretary.

[FR Doc. 82-15199 Filed 6-3-82; 8:45 am]

BILLING CODE 6720-01-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 157, 284 and 375

[Docket No. RM81-19-000; Order No. 234]

Interstate Pipeline Certificates for Routine Transactions

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission is issuing final regulations amending Parts 157 and 375 of its regulations to provide procedures for the issuance of "blanket" certificates of public convenience and necessity under section 7 of the Natural Gas Act. Specifically, Part 157 is amended by adding Subpart F (§§ 157.201 through 157.218) to provide for a one-time certificate to be issued by the Commission to interstate pipelines. By accepting a blanket certificate, an interstate pipeline is authorized to undertake certain activities, subject to particular conditions and procedures. Some activities are automatically authorized without prior notification to the Commission, while other activities are authorized only after the Commission is notified and interested persons are provided the opportunity to file a protest. The activities covered by this final rule are (1) construction, acquisition, operation, and miscellaneous rearrangement of facilities, (2) construction and operation of sales taps, (3) changes in delivery points, (4) storage services, (5) an increase in storage capacity, (6) underground storage testing and development, (7) abandonment, (8) changes in rate schedule, and (9) changes in a customer's name. Other activities which may expand the blanket certificate program, such as transportation and off-system sales, are being considered in Docket No. RM81-29, (46 FR 24585, April 27, 1981). Section 375.307 of the Commission's regulations is amended to authorize the Director of the Office of Pipeline and Producer Regulation to perform certain activities consistent with the blanket certificate program. In addition, § 284.201 is amended to extend the Order No. 30 program through the ninetieth day following the effective date of the final rule in Docket No. RM81-29.

DATES: Effective July 6, 1982.

FOR FURTHER INFORMATION CONTACT: Thomas P. Gross, Office of the General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426; (202) 357-8033.

SUPPLEMENTARY INFORMATION:

Issued: May 28, 1982.

The Federal Energy Regulatory Commission (Commission) is issuing final regulations as part of Parts 157 and 375 of its regulations to provide procedures for the issuance of blanket certificates of public convenience and necessity under section 7(c) of the Natural Gas Act. Specifically, Part 157 is amended by adding Subpart F (§§ 157.201 through 157.218) to provide for interstate pipeline blanket certificate and abandonment authorization for certain activities. Sections 157.209 and 157.210 are reserved for Docket No. RM81-29 in which final regulations will be considered for, among other things, transportation and off-system sales. Section 375.307 of the Commission's regulations is amended to authorize the Director of the Office of Pipeline and Producer Regulation to perform certain activities consistent with the blanket certificate program. In addition, § 284.201 is amended to extend the Order No. 30 program through the ninetieth day following the effective date of a final rule in Docket No. RM81-29.

I. Background

Section 7 of the Natural Gas Act, 15 U.S.C. 717f, provides that no natural gas company may engage in the transportation and sale of natural gas in interstate commerce for resale, the construction of facilities to be used in those activities, or the abandonment of any jurisdictional service or facilities, without first obtaining prior Commission approval for such activities. To fulfill this statutory responsibility, the Commission has implemented a number of different certificate programs. Some of these programs involve various generic determinations of public convenience and necessity and provide for the issuance of so-called "blanket certificates" (18 CFR 284.221 and 284.222) or "budget-type certificates" (18 CFR 157.7(b)-(g)) which permit interstate pipelines to undertake specific activities that fall within parameters established generically. Actions covered by section 7 which do not fall within these blanket or budget certificate programs must be authorized by certificates granted on a case-by-case basis.

In an effort to make the certificate process more efficient, the Commission has delegated a number of its activities to the Director of the Office of Pipeline and Producer Regulation (18 CFR 375.307). Nevertheless, the authorization of each activity which has been delegated requires significant time and effort by the pipeline companies and Commission staff. The Commission has also provided for expedited hearings by the full Commission of uncontested, routine applications (18 CFR 1.32 and 157.11). In addition, 18 CFR 157.7(a) provides for abbreviated applications when special information is not required or already has been filed with the Commission. Despite these efforts to expedite the process of considering and disposing of applications for certificates of public convenience and necessity and abandonments, the Commission is of the opinion that substantial opportunities for regulatory reform remain.

The Commission has issued two Notices of Proposed Rulemaking which would modify its procedures under the Natural Gas Act for issuing certificates of public convenience and necessity to jurisdictional natural gas companies. In the first notice issued March 10, 1981, the Commission proposed to reform the certificate procedure by initiating an integrated blanket certificate program. (Notice of Proposed Rulemaking, Docket No. RM81-19 issued March 10, 1981; 46 FR 16903, March 16, 1981.) The rule proposed procedures for automatically authorizing certain routine activities while establishing a notice and protest procedure for certain other routine activities. Certificates for activities not subject to the blanket certificate would continue to be issued on a case-specific basis. As proposed, those activities which could be authorized under a blanket certificate included construction and operation of facilities, transportation, construction and operation of sales taps, storage services, underground storage testing and development, and abandonments. Certain non-routine activities that the Commission believed should be included in the blanket certificate program were reserved for a second proposal.

On April 27, 1981, the Commission issued the second Notice of Proposed Rulemaking in which it proposed, among other things, additional activities that could be authorized under the blanket certificate program proposed in Docket No. RM81-19. (Notice of Proposed Rulemaking, "Sales and Transportation by Interstate Pipelines and Distributors," Docket No. RM81-29, issued April 27, 1981; 46 FR 24585, May 1, 1981.) That notice proposed to include certain sales for resale under the blanket certificate and to revise the Commission's regulations implementing section 311 of the Natural Gas Policy

Act of 1978 (NGPA). These proposals were excluded from Docket No. RM81-19 because it was expected that they would raise more difficult issues than those proposed in Docket No. RM81-19 and possibly would require more time to analyze. The Commission received written comments and held public hearings in both dockets.[1]

On July 1, 1981, the Commission issued a notice that staff's Environmental Assessment of its two proposals was available to the public and that written comments on its assessment would be received. 46 FR 35529, July 9, 1981.

By this rule, the Commission is issuing the first phase of final regulations implementing its blanket certificate program. The regulations provide procedures for issuing blanket certificates of public convenience and necessity under section 7(c) of the Natural Gas Act and, except for § 157.209 dealing with transportation, these regulations implement, with modifications, the proposed rules in Docket No. RM81-19. Activities covered by this rule include, among other things, construction and operation of facilities and sales taps, storage services, underground storage testing and development, and abandonments. Because staff is studying, among other issues, ways for treating revenues received from transportation services, § 157.209 dealing with such transportation is not included in this docket. When the Commission issues the second phase of its blanket certificate program in Docket No. RM81-29, it will address § 157.209 in that docket.[2] Because the Commission is still examining its transportation policies and will address those policies in Docket No. RM81-29, § 284.201(e) is amended by this rule to extend the Order No. 30 program until 90 days after the effective date of the final rule in Docket No. RM81-29. It is estimated that full implementation of the blanket certificate program will reduce regulatory burden on industry by approximately 25,000 hours per year.

II. Discussion

As proposed in Docket No. RM81-19, the blanket certificate is a one-time certificate issued by the Commission to interstate pipelines. Upon issuance of a blanket certificate, the certificate holder is authorized to undertake certain activities subject only to reporting requirements and, in somes cases, certain notice procedures.

The Commission expects the blanket certificate program to replace the case-specific authorization currently used for many projects. While acceptance of a blanket certificate by an interstate pipeline does not preclude the certificate holder from filing for case-specific authorization, the Commission expects the blanket certificate authority to be used for the activities which may be authorized under it. In reviewing and processing applications for case-specific authorization, the Commission will consider whether the proposed activity could have been authorized under a blanket certificate. Applications for proposed activities which are outside the scope of the blanket certificate program will be assigned, for the most part, a higher priority than applications for activities which could have been conducted under the blanket certificate. By assigning a higher priority to such applications, the Commission intends to encourage certificate holders to use the blanket certificate authorization.

As proposed in Docket No. RM81-19, the final regulations divide the various actions that the Commission certificates into several categories. The first category applies to certain activities performed by interstate pipelines that either have relatively little impact on ratepayers, or little effect on pipeline operations. This first category also includes minor investments in facilities which are so well understood as an established industry practice that little scrutiny is required to determine their compatibility with the public convenience and necessity. The second category of activities provides for a notice and protest procedure and comprises certain activities in which various interested parties might have a concern. In such cases there is a need to provide an opportunity for a greater degree of review and to provide for possible adjudication of controversial aspects. Activities not authorized under the blanket certificate are those activities which may have a major potential impact on ratepayers, or which propose such important considerations that close scrutiny and case-specific deliberation by the Commission is warranted prior to the issuance of a certificate.

The Commission received numerous comments in response to its proposals in Docket No. RM81-19. Many commenters supported the Commission's efforts to streamline and to expedite the granting of certificate applications. However, some commenters also added that the proposed regulatory reform did not go far enough, and, in some cases, urged that the recommendations of the Subcommittee on the Review of the Decisional Process of the Commission's Advisory Committee on Revision of Rules of Practice and Procedure (hereinafter the Subcommittee) be adopted. Specifically, they requested that the Commission adopt some variation of an "optional notice procedure" described in an appendix to the Subcommittee's report and prepared by a committee of the Interstate Natural Gas Association of America. Under this optional notice procedure, all projects could be authorized under abbreviated procedures unless they were protested, and the Commission would be required to issue a separate certificate for each authorized project. Unlike the optional notice procedure, the blanket certificate procedure would apply only to certain activities and would not require a separate certificate for each authorized project.

The Commission has carefully reviewed those comments and the recommendations of the Subcommittee and believes that the final regulations adopted in this rulemaking provide steamlined procedures which increase flexibility and reduce regulatory burden. While all the recommendations of the Subcommittee are not adopted in these final regulations, many of those proposals have formed the basis for these revised procedures and are incorporated into the final regulations with modifications. The Commission believes that the blanket certificate procedures adopted in this rule are administratively more manageable than the optional notice procedure because only certain types of activities are authorized under the blanket certificate. Moreover, this approach reduces paperwork because individual certificates are not issued for each project authorized under the blanket certificate. The Commission believes that these aspects make the blanket certificate procedures preferable to the optional notice procedure.

Several commenters expressed concern over who may apply for a blanket certificate. Under the proposed regulations, only interstate pipelines who previously had received a certificate under section 7 of the Natural Gas Act would be permitted to apply for a blanket certificate. Two of the commenters, not currently interstate pipelines, stated that they intend to construct and operate interstate facilities, and that under proposed § 157.204(a), they would not be permitted to apply for a blanket

[1] The public hearings for Docket Nos. RM81-19 and RM81-29 were held May 4, 1981 and June 5, 1981, respectively.

[2] The final rules in that docket will also address other amendments to the blanket certificate program, including § 157.210 for off-system sales by interstate pipelines.

certificate. They argue that by limiting the blanket certificate program to presently certificated interstate pipelines, and by requiring new entrants to obtain a case-specific determination, the Commission would delay the construction of new entrants' projects for periods up to six months and thereby place them at a competitive disadvantage with interstate pipelines able to construct comparable facilities under a blanket certificate.

In developing the final regulations implementing the blanket certificate program, the Commission has carefully considered who should be eligible for a blanket certificate, the nature of the activities which should be authorized under the certificate, and the reporting and notice requirements. In some cases, the authorization under the blanket certificate is predicated upon previous findings and filings in which jurisdictional entities would have been involved, such as specific rate determinations made in separate rate proceedings. The blanket certificate program is not designed to make such initial findings or filings, but presumes that the certificate holder will have established some previous jurisdictional and informational base with the Commission concerning such matters as rates, system supplies and certificated customers. Only natural gas companies which have been issued a certificate under section 7 of the Natural Gas Act (other than a limited-jurisdiction certificate) and had rates accepted by the Commission will have established this informational base with the Commission. The Commission believes that the blanket certificate should be limited to those entities because the blanket certificate permits the certificate holder to undertake all activities subject to the blanket certificate, including those which are predicated upon previous filings and findings.[3] Section 157.204(a) has been changed to reflect this limitation, and a new requirement has been added at § 157.204(d)(1) requiring the applicant for a blanket certificate to state the certificate proceeding in which it was found to be a natural gas company. The Commission notes that once a new entrant has been issued a certificate under section 7(c) of the Natural Gas Act and had rates accepted by the Commission, it will be eligible to apply for a blanket certificate.

[3] Moreover, the facilities which the two commenters intend to construct and operate would be their main line facilities, and would therefore be outside the scope of eligible facilities authorized under § 157.208.

1. Notice and Protest Procedure

Under the proposed regulations, certain activities would be either automatically authorized or subject to a notice and protest procedure prior to authorization. Some commenters, especially those supporting the optional notice procedure, urged the Commission to adopt a procedure in which certificate holders could elect to use the notice and protest procedure for activities which otherwise would be automatically authorized. They stated that an election procedure would add flexibility to the blanket certificate procedure and permit projects which could not be automatically authorized because of the annual cost limitation to be authorized under the notice procedure.

The Commission has reviewed the activities which are subject to automatic authorization and believes it would be inconsistent with the purposes of the blanket certificate program to permit such an election procedure. Administratively, it is more burdensome for the certificate holder to file, and the Commission to process, and application for the notice procedure than for the self-implementing procedure. If the proposed activity can be automatically authorized, the Commission does not believe that the additional administrative costs which would result from an election procedure can be justified. Moreover, as discussed elsewhere in this rule, the Commission is eliminating the annual cost limitations for projects subject to authorization under § 157.208.

If the activity is one of those listed in § 157.205(a), then it is subject to all the requirements of the notice procedure in § 157.205. A new paragraph has been added at § 157.205(c) to permit the Director of the Office of Pipeline and Producer Regulation (OPPR) to reject at any time a request which patently fails to comply with the filing requirements of § 157.205(b). Notice of all requests not so rejected by the Director of OPPR will be published in the **Federal Register**. Section 157.205(d), formerly proposed § 157.205(c), has been amended to require protests to be filed within 45 days after the date of issuance of the notice. If no protests are filed within the prescribed time, the application is finally authorized pursuant to § 157.205(h)(1), formerly § 157.205(f).

As proposed, § 157.205(d) now § 157.205(e), required that protests be served not only to the Secretary of the Commission and the certificate holder, but also to any intervenor or other party protesting the requested authorization. Because the service list will not be completed until after the protest period, the requirement that the protest be served on any intervenor and other protestors is deleted.

Many comments stated that the proposed rules should provide for a reconciliation period after a protest had been filed. Otherwise, a single protest, regardless of its merits, would remove an application from the blanket certificate procedures and subject it to full adjudication. The Commission agrees with this suggestion and believes that a reconciliation period will provide certificate holders an effective means to resolve minor differences which should not subject a proposed project to the full procedure of case-specific determination. To this end, § 157.205(f), formerly § 157.205(e), has been changed to provide for "a reconciliation period" of 30 days from the deadline for filing protests (45 days from the date of issuance of the notice of the request). This period of time should be sufficient for the certificate holder to resolve protests based on minor misunderstandings or the need for additional information. The Commission expects the parties to make a good faith effort to resolve the protest during the reconciliation period. The Director of OPPR, or his designee, may convene informal conferences during the reconcilation period after notifying the certificate holder, all protestors and all intervenors.

When protests are resolved during the 30-day reconciliation period, the protestor must submit a notice of withdrawal to the Secretary pursuant to § 157.205(g) within the reconciliation period. The withdrawal must state that the certificate holder, the protestor and all intervenors and staff concur in the withdrawal. Withdrawal of the protest must be served on the certificate holder, any intervenors and any other party requesting service.[4]

Section 157.205(h)(2) has been added to provide for final authorization of applications for which one or more protests have been filed, but subsequently withdrawn pursuant to § 157.205(g).

2. Standard Conditions and Reporting Requirements

Sections 157.206 and 157.207 impose certain conditions and reporting requirements on all interstate pipelines

[4] Several commenters stated that because of delays associated with printing and delivery of the **Federal Register**, they have experienced difficulties in meeting deadlines noticed through the **Federal Register**. The Commission believes that the above procedure and service requirements will provide sufficient time for affected persons to receive notice and file timely responses.

that accept a blanket certificate. Section 157.206(a), as proposed, stated that the Commission reserves the right to revoke any blanket certificate on 60-day's notice. Several commenters asserted that this provision violates due process requirements and requested that the Commission (1) publish guidelines for such revocation, (2) be required to state the reasons for revocation in the notice of revocation, and (3) permit the pipeline to respond to the notice of revocation.

The Commission believes that it has the authority to revoke any certificate, including a blanket certificate, under appropriate circumstances. However, rather than delay implementation of the blanket certificate program to formulate guidelines and procedures for such revocation, the Commission believes it more expeditious to delete the proposed special condition and rely upon existing authority. Such deletion does not affect the Commission's revocation authority. If the Commission undertakes to revoke a blanket certificate, it intends to comply with the applicable laws and due process requirements.

Section 157.206(b) provides that a certificate holder who proposes to recover in its rates any production-related costs incurred by it to compress, process, treat, or gather natural gas purchased or transported by it may be required to prove that the activities which engendered those costs were prudent. Many commenters objected to this condition because the Commission's policy on production-related costs is currently being contested in Opinion No. 90 and Order No. 94, and it will reduce the attractiveness of a blanket certificate. Several commenters argued that the condition unlawfully places pipelines at risk because they will not be able to ascertain in advance whether particular activities will be deemed prudent.

The Commission does not agree with this comment. The blanket certificate program will be effective only if specific rate disputes are deferred to an individual pipeline's rate case. Section 157.206(b) only requires that the certificate holder may be required to prove that production-related costs were prudently incurred. This condition eliminates any possible implication that issuance of the blanket certificate represents Commission approval that any production-related costs incurred from activities authorized under the blanket certificate were prudently incurred. Including § 157.206(b) in the blanket certificate conforms the blanket certificate to the Commission's existing policy on production-related costs. Accordingly, this condition is retained in the final rule.

Some commenters also requested that § 157.206(c) providing for the allocation of costs between the transportation of natural gas and liquids and liquefiable hydrocarbons be deleted. It is the Commission's practice to incorporate the text of § 157.206(c) into all certificates for facilities used to transport natural gas along with other substances. The purpose of the condition is to defer the allocation issue to the individual pipeline rate cases where the Commission can consider the overall operations of each particular pipeline. The Commission does not believe such issues can be handled on a generic basis in the blanket certificate proceeding without substantially reducing the effectiveness of a blanket certificate. Accordingly, § 157.206(c) has been retained in the final rule but is revised to reflect the Commission's current policy on liquids and liquefiables established in *Trunkline Gas Company, et al.*, Docket No. CP78-340 (issued March 4, 1981), 14 FERC ¶61,222.

Section 157.206(e) as proposed, would require the certificate holder to surrender any effective budget-type certificates upon acceptance of a blanket certificate. Moreover, the Commission will not accept any new applications for budget-type certificates. It is expected that the blanket certificate enventually will replace the budget-type certificate.

One commenter stated that authorization under the budget-type certificate should be permitted to continue in effect for projects which were started before the date of acceptance of the blanket certificate. This would enable a smooth transition between the two types of authorization.

The Commission agrees that projects which were initiated under a budget-type certificate should not become subject to the terms and conditions of the blanket certificate. However, the Commission does not deem the surrender of the budget-type certificate at time of acceptance of the blanket certificate as revocation of the budget-type certificate authorization for previously undertaken projects. Accordingly, projects commenced under the budget-type certificate, but not completed at the time of accepting the blanket certificate, will be treated as authorized under the budget-type certificate. In cases where the certificate holder has been issued a three-year storage field test certificate under a budget-type certificate pursuant to § 157.7(d), such testing will also be treated as authorized under that budget-type certificate and subject to the procedures and reporting requirements of § 157.7(d). Issuance of the blanket certificate will not extend the three-year period beyond the date on which it would have expired under the budget-type certificate. In order to distinguish between storage field testing performed under the budget-type certificate and such testing performed under the blanket certificate, § 157.204(d)(5) has been added to require an applicant for a blanket certificate to list in its application all on-going storage field tests which were commenced under a budget-type certificate. Finally, one change has been made in § 157.206(e) to clarify that this paragraph applies to currently effective budget-type certificates and that they must be surrendered effective upon acceptance of the blanket certificate.

Section 157.206(f), as proposed, required certain authorized activities to be completed and in actual operation or, in other cases, to be actually undertaken, within one year of the deadline for filing protests. Because the certificate holder will not begin the project until it is finally authorized, this paragraph is changed to provide that the commencement of the one-year period begins on the date the activity is finally authorized pursuant to § 157.205(h). In response to several commenters, a new sentence has added to § 157.206(f) to permit the certificate holder to apply for an extension of this deadline.

Section 157.206(g), as proposed, would have established conditions for the treatment of revenues received from transportation (including storage service). Because a final regulation for transportation and revenues derived from transportation will be considered in Docket No. RM81-29, this paragraph is deleted. Until the final regulations in Docket No. RM81-29 are effective, treatment of revenues from storage services authorized under § 157.213 will be subject to the treatment accorded such revenues under the pipeline's currently effective rates or rate settlement.

Section 157.207 establishes certain general reporting requirements applicable to all certificate holders. Proposed § 157.207(a) would have required an annual report on March 1 of each year of the previous calendar year's transactions. Several commenters requested that this date be changed to May 1 to give certificate holders sufficient time to gather the necessary data and to prepare the required report. Accordingly, § 157.207(a) is changed in the final regulations to require the certificate holder to file the annual report on or before May 1.

Section 157.207(a) (1) through (7) requires the certificate holder to report certain information depending upon the activities which were undertaken for the previous calendar year. A new paragraph has been added at § 157.207(a)(8) to require the certificate holder to report the activities in § 157.207(a) (1) through (7) which were not undertaken, *e.g.* if no sales taps were authorized, the annual report should so indicate. This requirement will assure that no activities required to be reported will be inadvertently omitted from the annual report. In view of this addition, proposed § 157.208(e)(10) requiring a statement that no construction took place under the blanket certificate is deleted.

Some commenters interpreted proposed § 157.208(e) as requiring the certificate holder to file a separate annual report for activities authorized under § 157.208 in addition to the annual report required by § 157.207. This would be unnecessary, they state, because § 157.207(a)(1) requires the information listed in § 157.208(e) to be included in the annual report. They further assert that the filing requirements in proposed § 157.208(f)(1) are burdensome and unnecessary in view of the information that is filed in the annual report.

The Commission does not intend that the information required to be filed pursuant to § 157.208(e) be included in a separate annual report, but that it be filed as part of the annual report required by § 157.207. Section 157.208(e) is changed accordingly.

Proposed § 157.208(f)(1) required the certificate holder to file with the Commission statements during construction and after construction was completed indicating the actual construction date, the status of the construction, the actual date the facilities are placed in service, and the actual cost of the facilities. Because much of this information is already required to be filed in the certificate holder's annual report, the Commission believes it is unnecessary for the certificate holder to submit the information other than in the annual report. Accordingly, proposed § 157.208(f)(1) is deleted.

One comment stated that the Commission should require that the annual reports be served on the customers of the certificate holder and any state commission having regulatory authority over any such customer. The Commission recognizes that the annual report may contain some information which is useful to the certificate holder's customers or state commissions. However, the procedures under the blanket certificate are intended to be no more burdensome than the procedures under the abbreviated application procedure in § 157.7. Insofar as those procedures do not require any such comparable service, the Commission does not believe that the blanket certificate procedures should require such service. Because the annual report will be on file at the Commission, interested persons have access to it through the Division of Public Information or may request a copy from the certificate holder.

3. Construction, Acquisition and Operation of Facilities.

Under the proposed rule in § 157.208, the certificate holder would be authorized to construct and operate any minor facility or gas supply facility, subject to certain annual and per-project cost limitations. Many commenters stated that the proposed definitions of "minor facility," "gas supply facility," and "main line" were confusing and ambiguous and suggested, among other things, including "miscellaneous rearrangements of facilities" in, and excluding "sales taps" from, the definition of "minor facility." Some commenters suggested deleting the definitions of "minor facility" and "main line" in their entirely.

The Commission believes that there are certain types of activities which should be eligible for the streamlined procedures of a blanket certificate. The definitions of "minor facility," "gas supply facility" and "main line" were intended to determine the boundaries of those activities eligible for authorization under the § 157.208 procedures. However, the Commission agrees that these definitions can be clarified.

In the final regulations, § 157.208 has been revised to authorize the certificate holder (1) to make miscellaneous rearrangements of any facility or (2) to acquire, construct, or operate any eligible facility. A new paragraph has been added at § 157.202(b)(6) to define "miscellaneous rearrangement of any facility" as a rearrangement not resulting in any change of service rendered by those facilities. "Eligible facility" is defined in new § 157.202(b)(2)(i), subject to the exclusions in new § 157.202(b)(2)(ii), and is either a facility subject to Natural Gas Act jurisdiction necessary to provide service within existing certificated volumes or a gas supply facility. A "gas supply facility" is defined in § 157.202(b)(4) and, except for minor changes conforming the definition to the blanket certificate program, is the definition in § 157.7(b)(4)(i) under the Commission's abbreviated application procedures.

Section 157.202(b)(2)(ii) (A) through (H) lists exclusions from the definition of "eligible facilities."[5] Section 157.202(b)(2)(ii)(D) excludes facilities required to test, develop, or utilize an underground storage field. This change is intended to eliminate any overlap between §§ 157.208 and 157.215 regarding facilities required for testing or developing storage fields. If the facilities are required for utilization of the storage field, then the Commission believes that such facilities may have a significant impact on ratepayers, and such facilities should not be authorized under the blanket certificate procedures.

Because sales taps are authorized under the procedures in § 157.211, sales taps are excluded from the definition of "eligible facility" in § 157.202(b)(2)(ii)(E) and hence, from the authorization procedures in § 157.208.

Section 157.202(b)(2)(ii)(F) excludes facilities which cross state lines and are constructed for the primary purpose of transporting gas which is also transported by an intrastate pipeline under section 311(a)(2) of the NGPA. This exclusion affords the Commission the opportunity to identify interstate pipeline facilities intended to connect to existing or extended intrastate systems, such as the facilities in *Red River Pipeline*, Docket No. ST82-95 (February 22, 1982). Facilities to be constructed, operated, or acquired for this purpose must continue to be authorized under the case-specific procedures.

Section 157.202(b)(2)(ii)(G) also excludes from the definition of "eligible facility," facilities constructed to effect the purchase of gas from plants manufacturing synthetic gas or from plants gasifying liquefied natural gas. Because such facilities may have a significant impact on ratepayers, the Commission believes they should not be authorized under a blanket certificate, but should be subjected instead to the scrutiny of a case-specific determination.

Two commenters requested clarification of the meaning of "acquisition of facilities." The Commission intends that "acquisition of facilities" shall include facilities acquired not only by purchase, but also by lease. Lease arrangements are subject to the per-project cost limitations of Table I and will satisfy

[5] Section 157.202(b)(2)(ii)(C) excludes facilities, including compression and looping, which alters the capacity of a main line system. The Commission may consider expanding the blanket certificate program to include facilities altering main line capacity at a future date.

those limitations provided that the total lease charge (annual lease charge multiplied by the number of years of the lease) does not exceed the per-project cost limitations. A special condition has been added at § 157.208(f)(1) to this effect.

As proposed, § 157.208 required that the total cost of all facilities authorized during any calendar year under that section not exceed certain annual limits. The proposed regulations also set project cost limitations of $3.5 million for projects subject to automatic authorization, and $10 million for projects subject to the notice procedures.

Many commenters stated that the annual limits were unnecessary because the per-project cost limitation would serve to restrict the construction to routine facilities. Some commenters stated that the Subcommittee's recommendations did not include any cost limitations, and that both the annual and per-project cost limitations should be eliminated. Other commenters stated that the project cost limitation of $3.5 million for projects qualifying for automatic authorization was too low, and that project limits between $4 million and $5 million would be more realistic.

The Commission believes that the per-project cost limitations should be retained in the final regulations because they provide some basis for judging whether a proposed activity is sufficiently routine and will have a sufficiently small impact on ratepayers, so that it should be approved under the streamlined procedures of the blanket certificate regulations. However, the Commission also believes these project cost limitations should be revised. The proposed $3.5 million dollar figure was based on the existing project limitation under the budget-type certificates in § 157.7(b) for offshore construction. That figure was established on November 1, 1979 by Order No. 56 (Docket Nos. RM79-37 and RM79-43, issued November 1, 1979). In order to adjust this figure to account for increased construction costs, the final regulations for projects subject to the automatic authorization procedure revise the $3.5 million figure to $4.2 million by applying the "GNP implicit price deflator" for the period from 1979 through 1981. In order to reflect these increased construction costs for the projects subject to the notice and protest procedure, the $10 million dollar amount similarly is adjusted upward to $12 million dollars.

Under the proposed regulations, the project limits in Table I would be adjusted annually by the "GNP implicit price deflator." Many commenters argued against the use of the "GNP implicit price deflator" for adjusting these limits and recommended using the Handy-Whitman Index, a pricing index of various utility and utility-type equipment, updated semi-annually, for this purpose. The Commission believes that it is preferable to use the "GNP implicit price deflator" instead of an index based on a private collection of data not easily susceptible to governmental verification.[5a] Accordingly, the final regulations retain the use of the "GNP implicit price deflator."

In some cases, the estimated cost of a project may fall within the per-project limitations in Table I of the regulations, but the actual costs may exceed those limitations. In such cases, a new paragraph at § 157.208(g) requires the certificate holder to apply to the Director of OPPR for a waiver of the per-project cost limitations. The reasons for the cost overruns will be examined and appropriate action taken at that time. The Commission expects the certificate holder to carefully and accurately estimate the project cost so that a waiver request will be filed only in unusual cases.

With respect to the annual cost limitations, the Commission agrees with the comments that, provided the activities sought to be approved under the blanket certificate comply with the other requirements of the blanket certificate program, there should not be an annual limit on the number of eligible transactions approved under the blanket certificate.[6] Given the high costs of purchased gas relative to the customer's total gas bill, it is unlikely that the cumulative effect of the activities approved under this section will have any significant effect on ratepayers. Moreover, because the cost of activities approved under this section is essentially the same for all certificate holders, elimination of annual cost limits will permit all certificate holders to participate in the benefits of these procedures to the same extent, regardless of their assets. Therefore, § 157.208(a) and Table I have been changed to eliminate the annual cost limitations, but retain the per-project cost limitations.

Several commenters stated that the filing requirements for prior notice proceedings in proposed § 157.208(c) (1) through (10) were excessive, and that the filing requirements for the optional notice procedure proposed by the Subcommittee would only require information necessary to inform interested persons and staff of the proposal and permit an informal judgment on the application. They state that the information required to be filed should not exceed that which is required to be filed under § 157.7(a) of the Commission's current regulations for applications.

The Commission has reviewed the filing requirements in § 157.208(c) and does not believe them to be excessive or burdensome. The information required to be filed is the minimum information necessary to adequately describe the proposal and for staff and other interested persons to evaluate the proposal's impact. Moreover, if the filing requirements were reduced, the Commission expects that more protests would be filed for the purpose of obtaining this information. It is likely that the increased administrative costs of processing and withdrawing these protests would be greater than the costs of having the information filed with the application.

The final regulations include several other changes to § 157.208 from the proposed regulations. Section 157.208(c) sets forth the information which must be included in the certificate holder's application for a project to be authorized under § 157.208(b). Both proposed and final § 157.208(c)(1) require the certificate holder to state the purpose of the facilities to be authorized under the notice procedure. In order to evaluate the effect that the project will have on the certificate holder's other existing or planned facilities, § 157.208(c)(1) has been changed also to require that the certificate holder describe that relationship.

Section 157.208(c)(3) requires the certificate holder to file a U.S. Geological Survey map of 7½ minute series, or equivalent. Some commenters requested that this requirement be deleted, or that maps should be required only when requested. Another commenter stated that a 7½ minute map may not provide sufficient detail to accurately delineate the sensitive environmental areas that must be shown on the map.

The Commission believes that the map is necessary to accurately identify the location of projects in relation to sensitive environmental areas. In most instances, a 7½ minute map will provide sufficient detail for interested persons to identify the sensitive environmental areas. However, in those cases where

[5a] The "GNP implicit price deflator" is used to adjust periodically the maximum lawful prices under Title I of the NGPA.

[6] The Environmental Assessment concluded that elimination of the annual cost limits would not significantly affect environmental quality. Environmental Assessment of Blanket Certification of Routine Gas Pipeline Transactions, July 1981, at 36.

greater detail is needed, the certificate holder should file a map of higher resolution. Because it would be difficult to indicate all sensitive environmental areas on the map, § 157.208(c)(3) has been changed to require the certificate holder to indicate only those sensitive environmental areas within one-quarter mile of any project-related construction activity.

Section 157.208(c)(5) requires the certificate holder to include in its application a flow-diagram or comparative study showing daily design capacity, daily maximum capacity and operating pressures with and without the proposed facilities for that part of the system affected by the proposed project. Because the maximum operating pressure (a function of pipeline length, diameter and wall thickness) is essential to evaluating capacity and system operation but is not required to be reported in § 157.208(c)(5), § 157.208(c)(2) is changed to require the certificate holder also to state the maximum operating pressure in its application.

A new paragraph at § 157.208(c)(10) has been added for requests regarding acquisition of facilities. Section 157.208(c)(10)(i) requires the certificate holder to state the date of issuance, docket number and title of the proceeding of any certificate authorizing those facilities. This information will permit the Commission to maintain current records in those dockets previously authorizing those facilities. Section 157.208(c)(10)(ii) requires the certificate holder to state the amounts recorded in the accounts of the seller or lessor that apply to the facilities proposed to be acquired and the accumulated provisions for depreciation, depletion and amortization. This data will ensure that the acquisition price is within the project cost limitation and is determined to be consistent with the public convenience and necessity.

Proposed § 157.208(e)(2) requires the certificate holder to state in its annual report the location of the facilities. For purposes of monitoring compliance, this subparagraph has been changed to require the certificate holder also to report the purpose and the completion date of the facilities.

Proposed § 157.208(e)(8) required the certificate holder to state whether the annual report is for a full year or a partial year if it is for the certificate holder's first blanket certificate year. Because the annual cost limitations are eliminated from the final rule, this statement is no longer needed and is also eliminated.

Finally, § 157.208(f)(2) requires that the certificate holder not operate any facility authorized under the blanket certificate at a pressure exceeding the maximum operating pressure. This proposed paragraph stated that changes in the maximum operating pressure may be requested by filing a petition for amendment of the authorization under the blanket certificate. The final regulations clarify that changes in the maximum operating pressure should be filed pursuant to the notice procedure of § 157.205(b). Because of the need for safety and reliability of service, the Commission believes that the notice procedure is appropriate for changes in the maximum operating pressures.

4. Construction and Operation of Sales Taps

Under proposed § 157.211, sales taps for the delivery of gas to a "right-of-way grantor" and to an end user who is served from the certificate holder's general system supply are authorized under the blanket certificate. The Commission received many comments stating that the proposed definition of "right-of-way grantor" in § 157.202(i), now § 157.202(b)(9), is too narrow. They request that it be expanded to include any person or his successor in title who has granted a right-of-way easement to a certificate holder, regardless of whether such service was expressly made a condition of the written agreement granting the easement. Other commenters suggested that sales taps should be authorized for agricultural users who require natural gas for farm residential use, irrigation pumping, crop drying or raising animals where the land is traversed by a gathering system or pipeline right-of-way. Only two comments opposed expanding the definition, arguing that the restriction is necessary to insure that interstate pipelines do not use the blanket certificate to serve industrial loads located in the certificated service area of an intrastate distribution company.

After reviewing these comments, the Commission believes that the definition of "right-of-way grantor" should be changed to mean a person who grants a right-of-way easement to the certificate holder or any successor to an interest which is subject to the easement. The proposed definition was consistent with the Commission's policy which it has followed since 1976 to limit these taps to customers who granted easements in reliance upon obtaining gas service. *See,* for example, Opinion No. 773, issued August 13, 1976, in Docket No. CP75-333, 56 FPC 987. Based upon the comments, this definition is too narrow, and is changed accordingly. In short, it is not expected that the additional sales taps serving small loads which will result from service which was not expressly made a condition of a written agreement granting an easement will have any significant effect on the pipeline's existing customers.

Section 157.211(b)(1) as proposed, would permit sales taps pursuant to the notice procedure if, among other things, the gas is consumed by an end-user currently served directly or indirectly from the general system supply of the certificate holder. As proposed, this paragraph was intended to permit sales taps to consumers who not only are currently served, but also will be served directly or indirectly from the general system supply of the certificate holder. The final regulations include this clarification.

5. Changes in Delivery Points

Section 157.212 authorizes the certificate holder, subject to the notice procedure, to add new delivery points for a customer or to reassign volumes of gas to be delivered between delivery points, subject to certain conditions in § 157.212(a) (1) through (3). A number of comments requested that changes in delivery points be subject to automatic authorization so long as the parties agree and the total entitlement is not exceeded. One comment stated that the preamble in the Notice of Proposed Rulemaking, Docket No. RM81-19, stated that the notice procedure is required for changes in delivery points between rate zones, implying that a change within the same rate zone would be automatically authorized.

By requiring changes in delivery points to be subject to the notice procedure, the Commission intends that any change in delivery points, whether between rate zones or within a rate zone, will not be authorized unless the notice procedure of § 157.205 is followed. The notice procedure is necessary for changes in delivery points because such changes may result in the shifting of large volumes of gas to different delivery points. Such shifting may ultimately affect the certificate holder's load factor and result in rate implications for its customers.

6. Storage Services

As proposed, § 157.213 would provide for authorization of certain storage services under either automatic authorization or the notice procedure, depending on whether the service was for periods in excess of two years. That proposal is included in the final regulations with minor modifications. For compliance purposes, § 157.204(d)(4) has been added to require an applicant for a blanket certificate to list in its application any currently effective storage service rate schedules which would apply to services performed under § 157.213 and an explanation of the treatment of revenues under such rate schedule. Section 157.213(c)(5) has also been added to require the certificate holder to cite the rate schedule applying to the storage service and to explain the treatment of revenues under that schedule.

As previously stated, regulations for transportation under a blanket certificate were proposed in Docket No. RM81–19, but are not included in these final regulations because staff is reviewing, among other things, appropriate ways of treating revenues derived from such transportation. When the Commission issues final regulations for transportation in Docket No. RM81–29, it will also address the manner in which such revenues should be treated. Such treatment may also apply prospectively to revenues derived from storage services performed under a blanket certificate. Until the final regulations for transportation in Docket No. RM81–29 become effective, however, revenues derived from storage services performed pursuant to § 157.213 are to be treated in accordance with the certificate holder's currently effective rates. This approach comports with current Commission practice in individual section 7(c) proceedings.

7. Underground Storage Testing and Development

Section 157.215 provides for automatic authorization, subject to certain conditions, for the construction and operation of natural gas pipeline and compression facilities to be used for the testing and development of underground reservoirs for the possible storage of gas. One of the proposed conditions in § 157.215(a)(5) would require that the total expenditure does not exeed $1,000,000 per calendar year. This amount was based on the existing limitation under the budget-type certificate in § 157.7(d). That figure was established on August 12, 1964, by Order No. 285, (Docket No. R–254 issued August 12, 1964). In order to reflect increased costs since the issuance of the limitation in 1964, the limitation has been adjusted in the final regulations by the "GNP implicit price deflator" from 1964 through 1981 to $2.7 million. The final regulation provides that this figure be adjusted each calendar year to reflect the "GNP implicit price deflator."

One commenter questioned an apparent contradiction between the preamble in the Notice of Proposed Rulemaking in Docket No. RM81–19 which stated that the three-year limitation from § 157.7(d) of the Commission's regulations would not be incorporated into the blanket certificate regulations, and proposed § 157.215(a)(1) which imposed such restriction.

By stating that the three-year limitation imposed by § 157.7(d) would be dropped, the Commission intended that the blanket certificate would not expire even though the three-year limitation on a particular storage project had expired. This aspect of the blanket certificate does not eliminate the requirement that the testing and development of a particular storage project must be completed within the three-year period. Accordingly, this requirement is retained in the final regulations at § 157.215(a)(1).

The same commenter stated that it was not clear what period of time applied to the total and single field injection quantities imposed by § 157.215(a)(2). This paragraph has been changed to clarify that, under the blanket certificate, the total quantity of gas injected into the storage fields should not exceed 10,000,000 Mcf at any time in all fields. Similarly, the total quantity of gas injected into a single field should not exceed 2,000,000 Mcf. Although the proposed regulation measured these quantities in MMBtu, the final regulation measures these quantities in Mcf because the volume of gas injected into the storage fields is more relevant than the Btu content of the gas.

8. Abandonment

Section 157.216(a) automatically authorizes certificate holders to abandon gas supply facilities if the supplier has been authorized to abandon its sale, or if no abandonment of the supplier's sale is required under section 7(b) of the Natural Gas Act by operation of section 601(a)(1) of the NGPA. Several commenters requested that if a seller does not apply for Commission authorization to abandon a facility, even though deliveries through the facility have ceased and the gas purchase contract has expired, the interstate pipeline should be permitted to treat such facilities as abandoned under § 157.216(a).

The Commission does not accept this suggestion. Under the Commission's current regulations, suppliers are required to initiate abandonment proceedings and to justify the abandonment in terms of the public convenience and necessity. If the supplier has not filed for abandonment of its service, the certificate holder may file a regular section 7(b) application for abandonment of its own facilities with a full explanation of the circumstances. This situation is outside the scope of activities contemplated by the blanket certificate.

9. Changes in Rate Schedules

Section 157.217 automatically authorizes the certificate holder to permit an existing customer to change from one rate schedule to another if the combined volumetric limitations on deliveries to the customer under both rate schedules are not increased, and the changes are consistent with the terms of effective tariffs. Several commenters requested that such changes be permitted only if the change in rate schedule was assented to by both the buyer and the seller.

The Commission agrees that both the certificate holder and the customer should agree with the change in rate schedule. The final regulation, as was the proposed regulation, is intended to apply only to changes in rate schedules which have been requested by a certificate holder's customer. This clarification is made in the regulation.

III. Environmental Compliance

On July 1, 1981, the staff issued a notice of the availability of its Environmental Assessment for Docket Nos. RM81–19 and RM81–29 (46 FR 35529, July 9, 1981). The Environmental Assessment concluded that implementation of the proposals in Docket Nos. RM81–19 and RM81–29 would not constitute a major Federal action significantly affecting the quality of the human environment. While stating that the conditions in § 157.206 would reduce the potential for adverse environmental impact to acceptable levels, it also recommended several clarifications and modifications to the proposals.

The Commission agrees with the conclusion of the Environmental Assessment that these rules do not constitute a major Federal action significantly affecting the quality of the human environment and herein adopts that conclusion. Most of the recommendations of the Environmental Assessment are incorporated into the final rule.

Section 7 of the Endangered Species Act of 1973, as amended, 16 U.S.C. 1536, requires Federal agencies to insure that any action authorized by them is not likely to jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of the critical habitat of such species. That section also requires Federal agencies to confer with either the Secretary of the U.S. Department of the Interior or the Department of Commerce, as appropriate, if the action is likely to jeopardize the continued existence of any species proposed to be listed under 16 U.S.C. 1533 or to result in the destruction or adverse modification of a critical habitat proposed to be designated for such species. The Environmental Assessment proposed that the Commission satisfy these requirements by designating the certificate holder as the Commission's non-Federal representative for purposes of informal consultations with the U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS).

The Commission adopts, with modification, the proposal in the Environmental Assessment as the means for complying with the Endangered Species Act. A new paragraph has been added at § 157.206(d)(7) to require each certificate holder, upon accepting the blanket certificate, to act as the Commission's non-Federal representative for purposes of complying with the Endangered Species Act. A new paragraph has also been added at § 157.206(d)(3)(i) stating that the certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) only if it complies with the procedures in Appendix I of Subpart F of Part 157.

Pursuant to the procedures in Appendix I, each certificate holder will be required to conduct informal consultation with the FWS or NMFS. As a result of consultation with either or both of these agencies, the consulted agency may either agree (1) that neither listed nor proposed species or their habitats are present; (2) that listed or proposed species or their habitats are present but would not be affected by the project; or (3) that a proposed species or its habitat may be affected. In such cases, the Commission's obligations under the Endangered Species Act would be statisfied and the certificate holder would be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations. If, however, the consulted agency (1) agrees that a listed species or its habitat may be affected, or (2) does not agree with the certificate holder's position on these issues, then the project shall not be authorized under the blanket certificate and the certificate holder shall not proceed with the proposed project under the blanket certificate.

Section 106 of the National Historic Preservation Act of 1966 (NHPA), (16 U.S.C. 470f) requires the head of any independent agency having authority to license any undertaking to take into account, prior to approving any undertaking, the effect of the undertaking on any district, site, building, structure, or object that is included in, or eligible for inclusion in, the National Register of Historic Places. Federal agencies are required to provide the Advisory Council on Historic Preservation (Advisory Council) a reasonable opportunity to comment with regard to such undertaking. The Environmental Assessment suggested that the Commission comply with section 106 of the NHPA by entering into a Programmatic Memorandum of Agreement with the Advisory Council pursuant to its regulations.

Although a Programmatic Memorandum of Agreement is one way for the Commission to satisfy its statutory obligations under the National Historic Preservation Act, the Commission believes that if the certificate holder complies with the procedures in Appendix II of this rule, the Commission will have statisfied its obligations. The type of transaction that may be authorized under the blanket certificate generally is not the type that will affect the environmental concerns protected by the NHPA. By accepting the blanket certificate, the certificate holder agrees to the conditions in § 157.206, including § 157.206(d)(2)(iv) and § 157.206(d)(3)(ii) which require compliance with the procedures in Appendix II. For those activities that the certificate holder complies with the procedures of Appendix II, the Commission finds that its obligations under NHPA are satisfied.

Under those procedures, a certificate holder is required to identify or cause to be identified listed properties, and unlisted properties that satisfy the National Register Criteria for Evaluation, that are located within the area of the project's potential environmental impact and may be affected by the undertaking. A project may proceed under the blanket certificate if, as a result of following the Appendix II procedures, the certificate holder and the appropriate State Historic Preservation Officer (SHPO) agree that listed or unlisted properties that satisfy the National Register Criteria for Evaluation either (1) do not occur in the area of the project's potential environmental impact, (2) do occur but will not be affected, or (3) will not be affected if the project is relocated. However, in those cases where the SHPO or the certificate holder finds that the project will affect listed properties, or unlisted properties satisfying the National Register Criteria for Evaluation, and the effect cannot be avoided by relocation, then the project shall not be authorized under the blanket certificate. The certificate holder may seek authorization for the project under a case-specific determination in which mitigation and minimization of the effect will be considered.

Section 157.206(d)(2)(vi) requires that all activities authorized by the blanket certificate shall be consistent with the Coastal Zone Management Act of 1972 (CZMA) (16 U.S.C. 1451, *et seq.*) as amended, and its regulations or compliance plans. Under the CZMA, administered by the U.S. Department of Commerce, all states with approved coastal management programs must be allowed to review all construction programs within their defined coastal zone before any Federal authorization is issued.

In order to be in compliance with CZMA, the certificate holder must obtain a determination from the state's designated agency that the proposed construction complies with the state's approved program. If such a determination could not be obtained, § 157.206(d)(2)(vi) of the Commission's regulations would not be satisfied and the project would not be authorized under the blanket certificate.[7] In those instances where the state waives its right to review the certificate holder's proposed project, the proposed project shall be deemed to be in compliance with § 157.206(d)(2)(vi). Section § 157.206(d)(3)(iii) has been added to this effect.

This Environmental Assessment recommended that the definition of "gas supply facility" be clarified to exclude facilities constructed to effect the purchase of gas from plants manufacturing synthetic gas, natural gas conditioning plants, or from plants gasifying liquefied natural gas. Provided this clarification is adopted, the Environmental Assessement stated that the Commission should state that "the construction of taps, meters, and regulating facilities within an existing

[7] If the activity is not in compliance with the state's approved program, the project may be prohibited by the CZMA unless, as section 307(c)(3)(A) of the CZMA (16 U.S.C. 1456(c)(3)(A)) states, in part, "the Secretary (of Commerce), on his own initiative or upon appeal by the applicant, finds, after providing a reasonable opportunity for detailed comments from the Federal agency involved and from the state, that the activity is consistent with the objectives of this chapter or is otherwise necessary in the interest of national security." Such an appeal would involve the Commission and would only be undertaken in a case-specific determination under section 7 of the Natural Gas Act.

right-of-way where the land use of the vicinity has not changed since the original facilities were installed" is excluded from the requirements of the National Historic Preservation Act of 1974, the Coastal Zone Management Act of 1972, and the Endangered Species Act of 1973.

As explained elsewhere in the preamble, the definitions of "gas supply facility" and "minor facility" have been combined into the definition of "eligible facility," subject to certain exclusions in § 157.202(b)(2)(ii). These exclusions include facilities constructed to effect the purchase of gas from plants manufacturing synthetic gas or from plants gasifying liquefied natural gas. However, the Environmental Assessment's recommendation that certain types of construction be excluded from the environmental requirements of the above statutes is not included in the final regulations. In Docket No. RM79-69, the Commission proposed to adopt as its policy the objectives and aims of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321-4347.[8] However, because certain categories of actions normally are not major Federal actions significantly affecting the quality of the human environment, the Commission also proposed in that rulemaking to exclude certain categories of actions. One of those actions was the "approval of taps, meters, and regulating facilities located within an existing right-of-way where the land use of the vicinity has not changed since the original facilities were installed." Because the Environmental Assessment's proposal is under consideration in another proposed rulemaking, the final decision to adopt that suggestion will be made when final regulations are issued in Docket No. RM79-69.

The Environmental Assessment recommended that the Director of OPPR be delegated authority to authorize transactions which comply with all aspects of the blanket certificate program except the environmental conditions of § 157.206(d) if appropriate mitigation measures subsequently had been developed to resolve the environmental problems.

The final regulations do not include such a delegation provision for environmental compliance. The requirements of the blanket certificate program are intended to establish the limits for which approval of certain activities is appropriate under the streamlined procedures of the blanket certificate and are consistent with the Commission's statutory obligations under the Natural Gas Act and environmental statutes. Such delegations would alter those limits and essentially open the blanket certificate program to all activities, which for one reason or another, fail to comply with the specific requirements. These regulations do include a delegation provision for projects authorized under § 157.208 whose actual costs exceed the pre-project cost limitations. However, this provision is necessary because cost overruns due to unforeseen events realistically may occur. The Commission does not believe a similar situation exists with respect to environmental compliance.[9]

Section 157.206(d)(1), as proposed, required all transactions authorized by the blanket certificate to be in full compliance with § 2.69 of the Commission's regulations; that section provides guidelines for planning, locating, clearing, and maintaining right-of-way and construction of above-ground facilities. The language in this subparagraph has been changed to more closely track the language in § 157.14(a)(6-c) of the Commission's regulations applying to applications for certificates of public convenience and necessity. Besides requiring the certificate holder to adopt the guidelines of § 2.69, it requires the certificate holder to issue the relevant portions of the guidelines to construction personnel, and instruct them to use the guidelines.

Section 157.206(d)(2) requires that all transactions be consistent with the provisions, regulations, and compliance plans of certain specified statutes and Executive Orders. One commenter stated that the list was not all-inclusive and that certain statutes which affect lands under the jurisdiction of the U.S. Department of the Interior should be added to the list.[10]

The Commission expects certificate holders to be in compliance with all applicable law. The list in § 157.206(d)(2) is intended to include the most applicable and significant environmental law but is not intended to be exhaustive. If a proposed activity does not comply with one of the requirements in § 157.206(d)(2), the Commission believes that the activity should be subject to the scrutiny of a case-specific determination. To the extent that other statutes apply to a transaction authorized under the blanket certificate, however, the certificate holder is still required to comply with those requirements, *e.g.*, the requirement that certificate holders secure a right-of-way grant from the U.S. Department of the Interior for appropriate transactions. The Commission expects that the U.S. Department of the Interior will require compliance with its statutory responsibilities.

One commenter suggested that the regulations provide some site selection criteria for projects approved under a blanket certificate. The Commission notes that § 157.206(d)(1) requires the certificate holder to adopt the guidelines in § 2.69 of the Commission's regulations.

One commenter stated that the definition of "senstitive environmental area" in proposed § 157.202(k) and the list of statutes and Executive Orders in § 157.206(d)(2) were redundant because compliance with the statutes and Executive Orders in § 157.206(d)(2) will insure that environmentally sensitive areas will not be significantly or adversely affected.

The Commission has defined the term "sensitive environmental area" in § 157.202(k), now § 157.202(b)(11), not only for the purpose of requiring that transactions not significantly impact or adversely affect such areas, but also for the purpose of requiring that such areas be identified as part of the filing requirements in §§ 157.208(c)(3) and 157.208(c)(11), formerly § 157.208(c)(10). The list of statutes and Executive Orders in § 157.206(d)(2) is included for the purpose of identifying significant environmental law which, if not complied with, will subject the activity to the scrutiny of a case-specific determination. Therefore, to the extent these sections overlap, such overlap is necessary because these sections serve different purposes.

Section 157.202(k)(5), now § 157.202(b)(11)(v), proposed to define a "sensitive environmental area" as a designated or proposed wilderness area or a national or a state wild and scenic river, wildlife refuge, or preserve. This definition has been changed, for the purpose of making it more technically correct, to apply to management areas and sanctuaries rather than preserves. Also, a new paragraph at

[8] Notice of Proposed Rulemaking, "Regulations Implementing the National Environmental Policy Act of 1969," Docket No. RM79-69, issued August 20, 1979 (44 FR 50052, August 27, 1979).

[9] The Commission notes that no such delegation provision for environmental compliance exists for the Commission's budget-type certificate programs.

[10] The additional statutes recommended to be included in § 157.206(d)(2) are: Mineral Lands Leasing Act, as amended; Federal Land Policy and Management Act of 1976; National Trails System Act, as amended; Land and Water Conservation Fund Act of 1965, as amended; Urban Park and Recreation Recovery Act of 1978; Federal Surplus Lands for Parks and Recreation Act of 1970; Archeological Resources Protection Act of 1979; American Indian Religious Freedom Act; National Wildlife Refuge System Administration Act of 1966.

§ 157.202(b)(11)(vii) has been added to comply with the policy of the American Indian Religious Freedom Act, 42 U.S.C. 1996, to include within the definition of "sensitive environmental areas," sites subject to use by American Indians and other Native Americans for religious purposes.

As proposed, § 157.206(d)(3), now § 157.206(d)(4), states that any transaction shall not significantly impact, or adversely affect: (i) an endangered or threatened species under the Endangered Species Act, or (ii) a sensitive environmental area. Because § 157.206(d)(2)(vii) requires the certificate holder to comply with the Endangered Species Act (pursuant to the procedure in Appendix I of Subpart F of Part 157), the requirement in former § 157.206(d)(3)(i) is unnecessary and is deleted from the final regulations.

Under the proposed rule, § 157.206(d)(4), now § 157.206(d)(5) required that any compressor installed pursuant to the blanket certificate not increase the ambient noise levels at nearby existing residences above a mean level (L_{dn}) of 55 dB(A). Several commenters opposed this limitation, claiming it is unreasonable and imposes an unnecessary financial burden on certificate holders.

The Commission has reviewed these comments and the discussion about noise levels in the Environmental Assessment, and agrees with the Environmental Assessment that an L_{dn} of 55 dB(A) is an appropriate maximum value for compressor facility noise under the blanket certificate. In the absence of a case-specific determination, this level will ensure that compressor noise will not significantly interfere with speech or other outdoor activities and will adequately protect the indoor noise environment. Several commenters noted that if the existing noise levels exceed an L_{dn} of 55 dB(A), then proposed § 157.206(d)(4), now § 157.206(d)(5), would not allow the installation of a compressor. The final regulations permit the necessary flexibility by allowing compressor facility noise to cause certain limited increases in ambient noise levels.

The new rule in § 157.206(d)(5) permits a compressor to be authorized under the blanket certificate provided the noise attributable to the compressor facility does not exceed a day-night sound level (L_{dn}) of 55 dB(A) at nearby noise-sensitive areas, such as schools, hospitals and residences. Under this rule, the ambient noise without compressor noise is irrelevant because only the compressor facility noise at the nearby noise sensitive area must not exceed an L_{dn} of 55 dB(A). For example, if the ambient noise level at nearby noise-sensitive areas without the compressor facility noise were an L_{dn} of 45 dB(A), then adding compressor facility noise with an L_{dn} of 55 dB(A) at the noise-sensitive area would result in an ambient noise level at an L_{dn} of 55.4 dB(A).[11] Similarly, if the ambient noise level at a nearby noise-sensitive area without compressor facility noise were at an L_{dn} of 60 dB(A), then adding a compressor facility with a noise level of an L_{dn} of 45 dB(A) at the noise sensitive area would result in an ambient noise level at an L_{dn} of 61.2 dB(A). Although the impact of the compressor facility on the ambient noise level at the noise-sensitive area would differ in these two cases, the certificate holder would be in compliance with § 157.206(d)(5) because the compressor facility noise at the noise sensitive area would not exceed 55 dB(A).[12] The Commission believes that this approach will add the necessary flexibility for installing a compressor facility, but will protect nearby noise-sensitive areas from experiencing an unacceptable involuntary increase in noise levels. If the noise-sensitive area was established after facility construction then those residents would have voluntarily accepted the existing noise levels, and the restrictions in new § 157.206(d)(5) should not apply. The final regulation is clarified in this respect.

The Commission emphasizes that the noise condition applies only to authorization under the blanket certificate and will identify projects involving long-term changes in noise levels which may have potentially significant adverse noise impact. Even if installation of a particular compressor facility is not authorized under a blanket certificate because of these restrictions, authorization would not necessarily be precluded under a case-specific determination where specific noise abatement techniques could be considered.

The Nuclear Regulatory Commission filed a comment stating its concern that activities authorized under §§ 157.208 and 157.215 might be undertaken in proximity to nuclear power reactor facilities without proper review and analysis of potential impact. They request that activities otherwise authorized under § 157.208 which are within 0.5 mile, or in the case of activities otherwise authorized under § 157.215 which are within 2.0 miles, of a nuclear power plant which is either operating or under construction, or for which a construction permit has been filed with the Nuclear Regulatory Commission, be subject to the scrutiny of a case-specific determination. Section 157.206(d)(6), has been added to comply with this request.

[11] Because decibels add logarithmically, the resultant sound level will not increase by 55dB(A).

[12] As the ambient noise level without the compressor facility increases, the incremental increase in the ambient noise level attributable to the compressor facility at the noise-sensitive area decreases.

IV. Summary of the Rule

The Commission is issuing final regulations at Subpart F of Part 157 establishing a procedure by which an interstate pipeline may obtain a blanket certificate under which certain routine activities would be authorized. Applications for a blanket certificate are to be filed in accordance with the procedures of § 157.204. Only interstate pipelines which previously have been issued a certificate under section 7 of the Natural Gas Act (other than a limited-jurisdiction certificate) are eligible to apply for a blanket certificate.

Upon being issued a blanket certificate, the certificate holder is authorized, pursuant to § 157.203, to engage in any of the activities specified in §§ 157.208 through 157.218.[13] The activities listed in § 157.203(b) are subject to automatic authorization while the transactions listed in § 157.203(c) are subject to the notice procedure of § 157.205.

Under the notice procedure of § 157.205, the Director of OPPR may reject requests which patently fail to comply with the filing requirements of § 157.205(b). Provided the request is not rejected, the Secretary shall publish notice of the request as soon as practicable. Protests and interventions must be filed within 45 days of the date of issuance of the notice.

After the deadline for filing protests and interventions has occurred, § 157.205(f) provides that the certificate holder, all protestors and intervenors, and staff shall have 30 days to resolve the protest. If the protest is not withdrawn pursuant to § 157.205(g) during this reconciliation period, the transaction shall not be authorized by the blanket certificate. Section § 157.205(h) provides for final authorization of transactions (1) which have not been protested, or (2) which have been protested but for which all protests have been withdrawn.

[13] Section 157.201(d) provides that nothing in Subpart F of Part 157 shall preclude an interstate pipeline from proceeding under any other provision of the Commission's regulations. Certificate holders who need to obtain a temporary certificate of public convenience and necessity should use the procedures in § 157.17.

Section 157.206 establishes certain standard conditions which are automatically incorporated into every blanket certificate and applicable to every certificate holder. This section includes conditions for the treatment of production-related costs, the apportionment of costs for the treatment and handling of liquids and liquefiables, environmental compliance, the surrender of budget-type certificates, commencement of the authorized transaction, and the filing of reports. Appendices I and II provide procedures for complying with the Endangered Species Act and the National Historic Preservation Act. The certificate holder is deemed in compliance with § 157.206(d)(2) (vii) and (iv) if he complies with those procedures.

Section 157.207 establishes general reporting requirements. Such requirements include an annual report to be filed on or before May 1, that lists, among other things, self-implementing activities authorized under the blanket certificate.

Sections 157.208 through 157.218 are the activities which may be authorized under a blanket certificate. These sections specify conditions which must be satisfied in order for the activity to be authorized, the contents of a request subject to the notice procedure, reporting requirements and other such conditions.[14] Section 157.209 proposed in Docket No. RM81–19 for transportation activities and § 157.210 proposed in Docket No. RM81–29 for off-system sales have been reserved and will be considered in Docket No. RM81–29.

Section 157.208 authorizes the certificate holder (1) to make miscellaneous rearrangements of any facility, or (2) to acquire, construct, and operate any eligible facility. Projects costing $4.2 million or less are subject to automatic authorization while projects costing more than $4.2 million, but less than $12 million, are subject to the notice procedure of § 157.205.

Section 157.211 provides for authorization of sales taps. The construction and operation of sales taps are automatically authorized if the natural gas is ultimately delivered to and consumed by a right-of-way grantor, and no more than 200 MMBtu of gas per day are delivered to the right-of-way grantor. Other sales taps are subject to the notice procedure if the natural gas is consumed by an end-user served from the certificate holder's general system supply, the volumes are within the customers' certificated entitlements, and the certificate holder's tariffs do not prohibit the addition of new delivery points.

Section 157.212 authorizes the certificate holder to add new delivery points for a customer, or to reassign volumes of gas which would be delivered to one of its delivery points to another delivery point, if the conditions in § 157.212(a) (1) through (3) are satisfied. These conditions assure that the customer does not receive an increase in volumes, the change is not prohibited by an existing tariff of the certificate holder, and the change in delivery points will not disadvantage the certificate holder's other customers.

Section 157.213 provides for the authorization of storage services under the blanket certificate. The storage services and any incidental transportation are automatically authorized if the storage service is within the certificated storage capacity of the certificate holder, the term of the service does not exceed two years, and the rate for the service is covered by an effective rate schedule. Any such storage arrangement which exceeds two years may be authorized under the blanket certificate, but is subject to the notice procedure.

Section 157.214 authorizes the certificate holder to provide for the storage of additional volumes of natural gas so long as the original certificate authorized the operation of a storage field, and the additional storage will not exceed the physical limitation of the facility and will not require the construction of additional facilities. Such authorization is subject to the notice procedure. Most problems which arise with respect to the storage of additional volumes in an existing facility concern the safety of providing such additional storage. Therefore, in requesting authorization for additional storage, the certificate holder must submit information which reflects the facility's ability to safely store additional volumes. In addition, the certificate holder must submit semi-annual reports containing information pertinent to the safety of the storage facilities until the storage inventory volume has approximately reached the maximum specified in the request. Thereafter, the reports shall continue on a semi-annual basis for a period of one year.

Section 157.215 provides for the automatic authorization of the construction and operation of natural gas pipeline and compression facilities for testing or developing underground reservoirs for storing gas. Total expenditures for such facilities are not to exceed $2.7 million per calendar year. This figure will be adjusted annually to reflect the "GNP implicit price deflator." Moreover, the cumulative volumes of gas injected into such prospective storage fields is not to exceed a total of 10,000,000 Mcf at any time and the cumulative volumes injected into any single field is not to exceed 2,000,000 Mcf over the term of the project.

Section 157.216 authorizes abandonment of gas supply facilities and service if the supplier has been authorized to abandon the sale, or the sale has ceased and has been removed from the Commission's abandonment jurisdiction by operation of section 601(a)(1) of the NGPA. The authority to abandon these facilities is automatic under the blanket certificate. Sales taps or lateral lines and related facilities and services may be abandoned subject to the notice procedure if all customers currently served through the tap or lateral line consent to the abandonment. The term "customers currently served" is used so that only customers remaining in business must concur in the abandonment. Consent is not necessary from customers who no longer exist.

Section 157.217 automatically authorizes the certificate holder to shift purchases of an existing customer from one rate schedule to another. Such changes are authorized if they do not change the total volumetric limitations on deliveries for that customer and are consistent with the terms of effective tariffs.

Section 157.218 automatically authorizes amendments in outstanding certificates to reflect the change in the name of an existing customer if the name change is a result of corporate reorganization or acquisition. Because the Secretary of the Commission is already authorized to change the name of a certificate holder under § 375.302(a), no corresponding authority is needed under the blanket certificate.

Section 284.201(e) is amended to extend the Order No. 30 program until 90 days after the effective date of a final rule in Docket No. RM81–29. This extension is necessary because the Order No. 30 program is due to expire 90 days after the effective date of this rule. Written comments on the extension and incorporation of the Order No. 30 program were received in this docket. However, because the Commission's transportation policies, including the Order No. 30 program, will be reviewed in Docket No. RM81–29, it is necessary to extend the program until 90 days after the effective date of the final rule to be issued in Docket No. RM81–29.

[14] Fees and annual charges for such transactions are determined pursuant to 18 CFR Part 159 and in the case of transactions automatically authorized, should accompany the filing of the annual report.

Finally, § 375.307 is amended to authorize the Director of OPPR or his designee to perform certain actions consistent with the blanket certificate program. Section 375.307(a) (15) and (16) permit the Director to pass on applications for blanket certificates (including the waiver of project cost limitations and the convening of informal conferences during the 30-day reconciliation period) and to reject requests that patently fail to comply with the filing requirements in § 157.205(b) of the notice procedure, respectively. Section 375.307(t) authorizes the Director to compute and publish the project limits in Table I and Table II each calendar year.

V. Regulatory Flexibility Act

The Regulatory Flexibility Act[15] requires the Commission to describe the impact that a proposed rule would have on small entities or to certify that the rule will not have a significant economic impact on a substantial number of small entities. The purpose of the blanket certificate program implemented by this rulemaking is to make the certificate process more efficient by streamlining and expediting the Commission review of routine certificate applications. This blanket certificate program is specifically designed to reduce the regulatory burdens of the certificate process on all entities, large and small, who ultimately may be affected by the process, either directly or indirectly.

In the Notice of Proposed Rulemaking in this docket, the Commission certified that this rulemaking would not have a significant impact on a substantial number of small entities. This certification was based upon the nature of the blanket certificate program and the characteristics of the entities subject to the program.

One commenter disagreed with this certification, stating that the Commission did not consider the economic effects on some small entities such as farmers seeking sales taps for essential agricultural purposes. As stated elsewhere in the preamble, the Commission agrees with that comment, and other comments, that sales taps to right-of-way grantors should be automatically authorized regardless of whether the service was made an express condition of the written agreement granting the easement. Accordingly, the final rule broadens the definition of "right-of-way grantor" to reduce the burden of authorizing such sales taps.

[15] 50 U.S.C. 601–612 (Pub. L. 96–354, September 19, 1980).

Therefore, in view of the nature of the blanket certificate program implemented by this rulemaking which reduces regulatory burdens, direct and indirect, large and small entities, and in view of the changes in the final rule to eliminate impacts raised by the comments, the Commission finds that the rule does not impose any regulatory or administrative burdens on a significant number of small entities and that it does not require an expense of resources by such entities. Accordingly, the Commission certifies that the rule does not have a significant economic impact on a substantial number of small entities.

VI. Effective Date

The regulations in this Final Rule will be effective July 6, 1982.

(Natural Gas Act, 15 U.S.C. 717–717w; Natural Gas Policy Act, 15 U.S.C. 3301–3432; Department of Energy Organization Act; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 142)

List of Subjects in 18 CFR

Part 157

Natural gas.

Part 284

Continental shelf, Natural gas, Reporting requirements.

Part 375

Authority delegations (Government agencies).

In consideration of the foregoing, the Commission amends Parts 157, 284 and 375 of Chapter I, Title 18 of the Code of Federal Regulations as set forth below.

By the Commission.

Kenneth F. Plumb,

Secretary.

1. Part 157 is amended in the Table of Contents by adding Subpart F to read as follows:

PART 157—APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND FOR ORDERS PERMITTING AND APPROVING ABANDONMENT UNDER SECTION 7 OF THE NATURAL GAS ACT

* * * * *

Subpart F—Interstate Pipeline Blanket Certificates and Authorization Under Section 7 of the Natural Gas Act for Certain Transactions and Abandonment

Sec.
157.201 Applicability.
157.202 Definitions.
157.203 Blanket certification.
157.204 Application procedures.
157.205 Notice procedure.
157.206 Standard conditions.
157.207 General reporting requirements.
157.208 Construction, acquisition, operation, and miscellaneous rearrangement of facilities.
157.209 Transportation. [Reserved.]
157.210 Sales for resale. [Reserved.]
157.211 Construction and operation of sales taps.
157.212 Changes in delivery points.
157.213 Storage services.
157.214 Increase in storage capacity.
157.215 Underground storage testing and development.
157.216 Abandonment.
157.217 Changes in rate schedules.
157.218 Changes in customer name.
Appendix I Procedures for compliance with the Endangered Species Act of 1973 under § 157.206(d)(3)(i).
Appendix II Procedures for compliance with the National Historic Preservation Act of 1964 under § 157.206(d)(3)(ii).

2. Part 157 is amended by adding a new Subpart F and accompanying appendices to read as follows:

Subpart F—Interstate Pipeline Blanket Certificates and Authorization Under Section 7 of the Natural Gas Act for Certain Transactions and Abandonment

§ 157.201 Applicability.

(a) *Scope.* This subpart establishes a procedure whereby an interstate pipeline may obtain a blanket certificate authorizing certain construction and operation of facilities, transportation, sales arrangements and certain certificate amendments and abandonment under section 7 of the Natural Gas Act.

(b) *Who may apply.* This procedure is only applicable to interstate pipelines.

(c) *Cross-references.* For other blanket certificate authorizations applicable to interstate pipelines see Subpart G of Part 284 of this chapter.

(d) *Availability of case-specific certificates.* Nothing in this subpart shall preclude an interstate pipeline from proceeding under any other provision of the Commission's regulations to obtain Commission approval of abandonments or a temporary or permanent certificate of public convenience and necessity.

§ 157.202 Definitions.

(a) *General rule.* Terms defined in the Natural Gas Policy Act of 1978 (NGPA) shall have the same meaning for the purposes of this subpart as they have under the Natural Gas Policy Act of 1978.

(b) *Subpart F definitions.* For purposes of this subpart:

(1) "Certificate holder" means any interstate pipeline with an effective blanket certificate issued pursuant to this subpart.

(2)(i) "Eligible facility" means, except as provided in paragraph (b)(2)(ii), a facility subject to the Natural Gas Act jurisdiction of the Commission necessary to provide service within existing certificated volumes, or a gas supply facility.

(ii) *Exclusions:* "Eligible facility" does not include:

(A) A main line of a transmission system;

(B) An extension of a main line;

(C) A facility, including compression and looping, that alters the capacity of a main line;

(D) A facility required to test, develop or utilize an underground storage field or to store gas above ground in either a gaseous or liquefied state;

(E) Sales taps;

(F) A facility that crosses a state line and is constructed for the primary purpose of transporting gas which is also transported by an intrastate pipeline under section 311(a)(2) of the NGPA;

(G) A facility constructed to effect the purchase of gas from plants manufacturing synthetic gas or from plants gasifying liquefied natural gas.

(3) "Facility" does not include the items described in section 2.55 of this chapter.

(4) "Gas supply facility" means a facility subject to the Natural Gas Act jurisdiction of this Commission which is necessary to connect the system of a certificate holder, or the system of a pipeline (including the certificate holder) authorized to transport gas for or exchange gas with an interstate pipeline company, to natural gas supplies destined for the system supply of an interstate pipeline company.

(5) "Main line" means the principal transmission facilities of a pipeline system extending from supply areas to market areas and does not include small-diameter lateral or gathering lines.

(6) "Miscellaneous rearrangement of any facility" means any rearrangement of a facility that does not result in any change of service rendered by means of the facilities involved, e.g., changes in existing field operations or relocation of existing sales or transportation facilities when required by highway construction, dam construction or similar reasons.

(7) "Project" means a unit of improvement or construction which, upon completion, is used and useful without any further construction of facilities.

(8) "Project cost" means the total actual cost of constructing the jurisdictional portions of a project. In the case of a project constructed jointly by more than one interstate pipeline, the project cost is the total cost, irrespective of the amount paid by each pipeline.

(9) "Right-of-way grantor" means (i) a person who grants a right-of-way easement to the certificate holder; or (ii) any successor to an interest which is subject to the easement.

(10) "Sales tap" means metering and appurtenant facilities necessary to enable the certificate holder to deliver gas to a distribution customer or an end-user.

(11) "Sensitive environmental area" means:

(i) The habitats of species which have been identified as endangered or threatened under the Endangered Species Act (Pub. L. 93-205, as amended);

(ii) National or State Forests or Parks;

(iii) Properties listed on, or eligible for inclusion in, the National Register of Historic Places, or the National Register of Natural Landmarks;

(iv) Floodplains and wetlands;

(v) Designated or proposed wilderness areas, national or state wild and scenic rivers, wildlife refuges and management areas and sanctuaries;

(vi) Prime agricultural lands, designated by the Department of Agriculture; or

(vii) Sites which are subject to use by American Indians and other Native Americans for religious purposes.

(12) "Storage service" means the receipt of natural gas for injection into storage and the subsequent withdrawal of an equivalent volume (less any fuel or unaccounted for volumes) at a later date.

§ 157.203 Blanket certification.

(a) *Effect.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder, in accordance with the provisions of this subpart, to engage in any of the activities specified in § 157.208 through § 157.218 (as may be amended from time to time).

(b) *Automatic authorization.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder to engage in transactions described in §§ 157.208(a), 157.211(a), 157.213(a), 157.215, 157.216(a), 157.217 or 157.218 without further Commission approval.

(c) *Prior notice required.* A blanket certificate issued pursuant to this subpart authorizes the certificate holder to engage in activities described in §§ 157.208(b), 157.211(b), 157.212, 157.213(b), 157.214, or 157.216(b), if the requirements of § 157.205 have been fulfilled.

§ 157.204 Application procedure.

(a) *Who may apply.* Any interstate pipeline which has been issued a certificate, other than a limited-jurisdiction certificate, pursuant to section 7 of the Natural Gas Act and had rates accepted by the Commission may apply for a blanket certificate under this subpart.

(b) *Hearing procedure.* Upon receiving an application for a blanket certificate under this subpart, the Commission will conduct a hearing pursuant to section 7(c) of the Natural Gas Act and §§ 1.32 and 157.11 of this chapter.

(c) *Issuance.* If required by the present or future public convenience and necessity, the Commission will issue a blanket certificate to the applicant.

(d) *Application contents.* Applications for blanket certificates shall contain:

(1) Information indicating the exact legal name of the applicant; its principal place of business; whether the applicant is an individual, partnership, corporation or otherwise; citation to the certificate proceeding in which the applicant was found to be a natural gas company; the state under the laws of which the applicant is organized or authorized to do business; and the name, title, and mailing address and telephone number of the person or persons to whom communications concerning the application are to be addressed;

(2) A list of outstanding budget-type certificates issued to the applicant pursuant to § 157.7;

(3) A statement that the applicant will comply with the terms, conditions and procedures specified in this subpart;

(4) A list of any currently effective storage service rate schedules which would apply to service authorized by § 157.213 and an explanation of the treatment of revenues under such rate schedules; and

(5) A list of all on-going storage field tests which were commenced under a budget-type certificate issued under § 157.7(d).

§ 157.205 Notice procedure.

(a) *Applicability.* No activity described in §§ 157.208(b), 157.211(b), 157.212, 157.213(b), 157.214, or 157.216(b) is authorized by a blanket certificate issued under this subpart unless, prior to undertaking such activity:

(1) The notice requirements have been fulfilled in accordance with the provisions of this section; and

(2) Either (i) no protest has been filed pursuant to paragraph (e) of this section or, (ii) if a protest has been filed, it has been withdrawn pursuant to paragraph (g) of this section.

(b) *Contents.* For any activity subject to the requirements of this section, the certificate holder shall file with the Secretary of the Commission an original and fifteen copies of a request for authorization under the notice procedure of this section that contains:

(1) The exact legal name of the certificate holder and mailing address and telephone number of the person or persons to whom communications concerning the request are to be addressed;

(2) The docket number in which its blanket certificate was issued;

(3) Any information required in § 157.208 through § 157.218 for the particular activity;

(4) A verified statement that the proposed activity complies with the requirements of this subpart; and

(5) A form of notice suitable for publication in the **Federal Register** which briefly summarizes the facts contained in the request with sufficient particularity so as to notify the public of its scope and purpose.

(c) *Rejection of request.* The Director of the Office of Pipeline and Producer Regulation may reject at any time a request which patently fails to comply with the provisions of paragraph (b) of this section.

(d) *Publication of notice of request.* Unless the request has been rejected pursuant to paragraph (c) of this section, the Secretary of the Commission shall publish a notice of the request in the **Federal Register** as soon as it is practicable. The notice shall designate a deadline for filing protests or interventions to the request. The deadline shall be 45 days after the date of issuance of the notice of the request.

(e) *Protests.* (1) Any person or the Commission's staff may file a protest prior to the deadline. Copies of the protest must be served on the Secretary of the Commission and the certificate holder.

(2) Protests shall be filed in the following form:

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

[Name of pipeline holding blanket certificate]
Docket No. [Include both docket no. of the blanket certificate and the prior notice transaction]

Protest To Proposed Blanket Certificate Activity

(Name of Protestor) hereby protests the request filed by (Name of pipeline) to conduct a (sale, transportation, construction of facilities, abandonment, etc.) under § 157.— of the Commission's regulations. Protestor seeks to have this request processed as a separate application.

(Include a brief statement of Protestor's interest in the activity and the grounds for the objection and whether the protestor seeks to be an intervenor.)

(f) *Effect of protest.* If a protest is filed in accordance with paragraph (e) of this section, then the certificate holder, the person who filed the protest, any intervenors, and staff shall have 30 days from the deadline determined in accordance with paragraph (d) of this section, to resolve the protest, and to file a withdrawal of the protest pursuant to paragraph (g) of this section. Informal settlement conferences may be convened by the Director of the Office of Pipeline and Producer Regulation or his designee. If a protest is not withdrawn pursuant to paragraph (g) of this section, the activity shall not be deemed authorized by the blanket certificate. Instead, the request filed by the certificate holder shall be treated as an application for section 7 authorization for the particular activity. The **Federal Register** notice of the request shall be deemed to be notice of the section 7 application sufficient to fulfill the notice requirement of §§ 157.9 and 157.10.

(g) *Withdrawal of Protests.* The protestor may withdraw a protest within the 30-day period following the deadline determined in accordance with paragraph (d) of this section by submitting written notice of withdrawal to the Secretary of the Commission and serving a copy to the certificate holder, any intervenors and any other party requesting service. The withdrawal must state that the certificate holder, the protestor, all intervenors and staff concur in the withdrawal.

(h) *Final authorization.* (1) If no protest is filed within the deadline prescribed by the Secretary, the certificate holder shall be deemed to be authorized to conduct the activity under its blanket certificate, effective upon the day after the deadline established by the Secretary.

(2) If one or more protests are filed within the deadline but subsequently withdrawn pursuant to paragraph (g) of this section, the certificate holder shall be deemed to be authorized to conduct the activity under its blanket certificate, effective upon the day after the withdrawal of all protests.

§ 157.206 Standard conditions.

Any activity authorized under a blanket certificate issued pursuant to this subpart shall be subject to the following conditions:

(a) *Revisions.* (1) The Commission reserves the right to amend the requirements of this subpart from time to time.

(2) The blanket certificate is not transferable in any manner and shall be effective only so long as the certificate holder continues the activities authorized by the order issuing such certificate and does so in accordance with the provisions of the Natural Gas Act, as well as applicable rules, regulations, and orders of the Commission.

(b) *Production-related costs.* At such time as the certificate holder proposes to recover in its rates any costs incurred by it to compress, process, treat, or gather natural gas purchased or transported by it, the certificate holder may be required to prove that the activity which engendered those costs was prudent. In determining prudence, the Commission will apply the statement of policy set out under § 2.102 of this chapter.

(c) *Liquids, liquefiable hydrocarbons and non-hydrocarbon constituents.* To the extent that the certificate holder transports liquids and liquefiable hydrocarbons or non-hydrocarbon constituents other than natural gas which are ultimately removed from the natural gas stream pursuant to the blanket certificate, or uses facilities authorized by the blanket certificate for the transportation of such substances, the issuance of the blanket certificate is without prejudice to a determination of the proper apportionment of costs between:

(1) The transportation and handling of liquids and liquefiable hydrocarbons or non-hydrocarbon constituents which are ultimately removed from the gas stream; and

(2) The transportation and handling of natural gas; at the time that the certificate holder files to include in its natural gas rates the costs associated with the facilities or the activities authorized herein, or in any proceeding where the apportionment of the certificate holder's costs to liquids and liquefiable hydrocarbons or non-hydrocarbon constituents is at issue.

(d) *Environmental compliance.* (1) The certificate holder shall adopt the guidelines set forth in § 2.69 of this chapter for all activities authorized by the blanket certificate and shall issue the relevant portions thereof to construction personnel, instructing them to use these guidelines.

(2) All activities shall be consistent with all applicable law including the provisions of the following statutues and regulations or compliance plans developed to implement these statutes:

(i) Clean Water Act, as amended (33 U.S.C. 1251 *et seq.*) and the National Pollution Discharge Elimination System Program, 40 CFR Part 122 *et seq.*;

(ii) Clean Air Act, as amended (42 U.S.C. 1801 *et seq.*) and air quality regulations and state implementation plans adopted pursuant to 40 CFR Parts 50–99;

(iii) Safe Drinking Water Act, as amended (42 U.S.C. 300f *et seq.*);

(iv) National Historic Preservation Act of 1966 (16 U.S.C. 470 *et seq.*);

(v) Archeological and Historic Preservation Act of 1974 (Pub. L. No. 93–291);

(vi) Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451 *et seq.*);

(vii) Endangered Species Act of 1973, Pub. L. No. 93–205, as amended (16 U.S.C. 1531 *et seq.*);

(viii) Executive Order 11,988, May 24, 1977 requiring Federal agencies to evaluate the potential effects of any actions it may take on a floodplain;

(ix) Executive Order 11,990, May 24, 1977 requiring an evaluation of the potential effects of construction on wetland;

(x) Wild and Scenic Rivers Act (16 U.S.C. 1274 *et seq.*);

(xi) National Wilderness Act (16 U.S.C. 1133 *et seq.*);

(xii) National Parks and Recreation Act of 1978 (16 U.S.C. 1 and 230 *et seq.*).

(3) The certificate holder shall be deemed in compliance with:

(i) Paragraph (d)(2)(vii) of this section only if it adheres to the procedures in Appendix I of this subpart in which case the Commission finds that endangered species and their critical habitat are protected in accordance with 16 U.S.C. 1536;

(ii) Paragraph (d)(2)(iv) of this section only if it adheres to the procedures in Appendix II of this subpart in which case the Commission finds that there is no effect on any property protected by 16 U.S.C. 470f;

(iii) Paragraph (d)(2)(vi) of this section only if the appropriate state agency designated to administer the state's coastal zone management plan, prior to construction of the project, waives its right of review or determines that the project complies with the state's coastal zone managment plan.

(4) Any transaction authorized under a blanket certificate shall not significantly impact or adversely affect a sensitive environmental area.

(5) The noise attributable to any compressor facility installed pursuant to the blanket certificate shall not exceed a day-night sound level (L_{dn}) of 55 dB (A) at any noise-sensitive area unless the noise-sensitive areas (such as schools, hospitals, or residences) are established after facility construction.

(6) (i) Any activity otherwise subject to authorization under § 157.208 shall not be authorized if the activity is located within 0.5 mile of a nuclear power plant which is either operating or under construction, or for which a construction permit has been filed with the Nuclear Regulatory Commission.

(ii) Any activity otherwise subject to authorization under § 157.215 shall not be authorized if the activity is located within 2.0 miles of a nuclear power plant which is either operating or under construction, or for which a construction permit has been filed with the Nuclear Regulatory Commission.

(7) The certificate holder shall act as the Commission's non-Federal representative upon acceptance of the blanket certificate for purposes of complying with the Endangered Species Act of 1973.

(e) *Budget-type certificates.* Upon the acceptance of a certificate issued pursuant to this subpart, the certificate holder shall surrender any currently effective budget-type certificate issued pursuant to § 157.7 of this Part.

(f) *Commencement.* Any authorized construction, extension, or acquisition shall be completed and in actual operation by the certificate holder and any authorized operation, service or sale shall be actually undertaken within one year of the date the activity is authorized pursuant to § 157.205(h). The certificate holder may apply to the Director of the Office of Pipeline and Producer Regulation for an extension of this deadline.

(g) *Reports.* The certificate holder shall file reports as required by this subpart.

§ 157.207 General reporting requirements.

(a) *Annual report.* On or before May 1 or each year, the certificate holder shall file an annual report, under oath, and signed by a senior official of the company, listing for the previous calendar year:

(1) For each new facility authorized by § 157.208, the information specified by § 157.208(e);

(2) For each sales tap authorized pursuant to § 157.211(a), the information required by § 157.211(d);

(3) For each storage service authorized pursuant to § 157.213(a), the information specified in § 157.213(c);

(4) For each storage project tested or develeped pursuant to § 157.215, the information specified by § 157.215(b)(1);

(5) For each abandonment authorized pursuant to § 157.216(a), the information specified by § 157.216(d);

(6) For each change in rate schedule authorized pursuant to § 157.217, the information specified in § 157.217(b);

(7) For each change in customer name authorized pursuant to § 157.218, the information specified in § 157.218(b); and

(8) If any activity required to be reported under paragraphs (a) (1) through (7) of this paragraph was not undertaken, a statement to that effect.

(b) *Subsequent reports.* If any significant change occurs with respect to the information filed under this section, the certificate holder shall file with the Commission within 30 days, under oath, appropriate amendments to its annual report, signed by a senior official of the company.

(c) *Final reports.* Within thirty days after the termination of any arrangement authorized under § 157.213, the certificate holder shall file with the Commission a report, under oath, signed by a senior official of the company, stating:

(1) The identity of the certificate holder;

(2) The identity of all parties to the transaction;

(3) The dates of commencement and termination of the arrangement;

(4) Actual total and maximum daily volumes of natural gas transported/stored pursuant to the arrangement;

(5) Total revenues received and a complete statement of the manner in which the revenues were treated; and

(6) A brief explanation of the activity.

(d) *Other reports.* For other reporting requirements, see §§ 157.208 through 157.218.

§ 157.208 Construction, acquisition, operation, and miscellaneous rearrangement of facilities.

(a) *Automatic authorization.* If the project cost does not exceed the cost limitations set forth in column 1 of Table I, under paragraph (d) of this section, the certificate holder is authorized to (1) make miscellaneous rearrangements of any facility, or (2) acquire, construct, or operate any eligible facility.

(b) *Prior notice.* If the project cost is greater than the amount specified in column 1 of Table I, but less than the amount specified in column 2 of Table I, the certificate holder is authorized to (1) make miscellaneous rearrangements of any facility, or (2) acquire, construct, or operate any eligible facility.

(c) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (b) of this section shall contain:

(1) A description of the purpose of the proposed facilities including their relationship to other existing or planned facilities;

(2) A detailed description of the proposed facilities specifying length,

diameter, wall thickness and maximum operating pressure for pipeline; and for compressors, the size, type, and number of compressor units, horsepower required, horsepower existing and proposed, volume of fuel gas, suction and discharge pressure and compression ratio;

(3) A USGS 7½ minute series (scale 1:24000) topographic map (or map of equivalent or greater detail, as appropriate) showing the location of the proposed facilities, and indicating the location of any sensitive environmental areas within one-quarter mile of project-related construction activities;

(4) A map showing the relationship of the proposed facilities to the applicant's existing facilities;

(5) A flow diagram or comparative study showing daily design capacity, daily maximum capacity and operating pressures with and without the proposed facilities for that portion of the certificate holder's system affected by the proposal;

(6) Gas supply and market data or studies, or other circumstances, supporting the need for the proposed facilities;

(7) The estimated cost and method of financing the proposed facilities;

(8) A statement clearly showing the effect on the certificate holder's operating revenues and operating expenses of the estimated revenues and expenses related to the proposed facilities;

(9) A statement explaining how the public convenience and necessity requires the approval of the project;

(10) For acquisitions of facilities:

(i) A statement referencing the date of issuance, docket number and title of the proceeding for any certificate issued by the Commission authorizing the facilities proposed to be acquired; and

(ii) The amounts recorded in the accounts of the vendor (seller or lessor) that apply to the facilities proposed to be acquired and the accumulated provisions for depreciation, depletion, and amortization;

(11) A concise analysis discussing the relevant issues outlined in Appendix B of Part 2 of this chapter. The analysis shall identify the existing environmental conditions and the expected significant impacts that the proposed action, including proposed mitigation measures, will cause to the quality of the human environment, including impact expected to occur to sensitive environmental areas. When compressor facilities are proposed, the analysis shall also describe how the proposed action will be made to comply with applicable State Implementation Plans developed under the Clean Air Act. The analysis shall also include a description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, National Historic Preservation Act and the Coastal Zone Management Act.

(d) *Limits and inflation adjustment.* The limits specified in Tables I and II shall be adjusted each calendar year to reflect the "GNP implicit price deflator" published by the Department of Commerce for the previous calendar year. The Director of the Office of Pipeline and Producer Regulation is authorized to compute and publish limits for future calendar years as a part of Tables I and II, pursuant to § 375.307(t) of this chapter.

TABLE I

Year	Limit	
	Automatic project cost limit	Notice project cost limit
	(Column 1)	(Column 2)
1982	$4,200,000	$12,000,000

(e) *Reporting requirements.* For each facility completed during a calendar year pursuant to this section, the certificate holder shall file as part of the required annual report under § 157.207(a) the following information:

(1) A description of the facilities installed pursuant to this section, including a description of the length and size of pipelines, compressor horsepower, metering facilities, taps, valves, and any other facilities constructed;

(2) The specific purpose, location, and completion date of the facilities installed, and, if applicable, a statement indicating the extent to which the facilities were jointly constructed;

(3) The actual installed cost of each facility item listed pursuant to paragraph (e)(1), separately stating the cost of materials and labor as well as other costs allocable to the facilities;

(4) The estimated gas supply in Mcf at 14.73 psia made available to the certificate holder by means of the described facilities;

(5) The names of the fields connected;

(6) The specific location of the supply source or well attached if the attachment is for gas owned or produced by the certificate holder;

(7) The names of the independent producers, other sellers or intrastate pipelines from whom the gas is being purchased or received, together with the respective dates of their gas sales or transportation contracts and any FERC authorization or gas rate schedule designations if the facility is to receive gas purchased by the applicant;

(8) A description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, the National Historic Preservation Act and the Coastal Zone Management Act;

(9) For acquisitions of facilities:

(i) A statement referencing the date of issuance, docket number and title of the proceeding for any certificate issued by the Commission authorizing the facilities acquired; and

(ii) The amounts recorded in the accounts of the vendor (seller or lessor) that apply to the facilities acquired and the accumulated provisions for depreciation, depletion, and amortization.

(f) *Special conditions.* (1) For purposes of comparing the project cost of leased facilities with the per-project cost limitations in Table I of this section, the project cost of leased facilities shall be the annual lease charge multiplied by the number of years of the lease.

(2) In the interest of safety and reliability of service, facilities authorized by the certificate shall not be operated at pressures exceeding the maximum operating pressure set forth in the request. In the event the certificate holder thereafter wishes to change such maximum operating pressure it shall file an appropriate request pursuant to the procedures set forth in § 157.205(b). Such request shall include the reasons for the proposed change. Nothing contained herein authorizes the certificate holder to operate any facility at a pressure above the maximum prescribed by state law, if such law requires a lower pressure than authorized hereby.

(g) If the actual cost of the project exceeds the per-project cost authorized under a blanket certificate in Table I of this section, the certificate holder shall apply to the Director of the Office of Pipeline and Producer Regulation for a waiver of those project cost limits.

§ 157.209 Transportation. [Reserved]

§ 157.210 Sales for resale. [Reserved]

§ 157.211 Construction and operation of sales taps.

(a) *Automatic authorization.* The certificate holder is authorized to construct and operate sales taps for the delivery of gas to an end user if:

(1) The natural gas is ultimately delivered to and consumed by a right-of-way grantor; and

(2) No more than 200 MMBtu of natural gas per day are to be delivered to the right-of-way grantor.

(b) *Prior notice.* Subject to the notice procedure of § 157.205, the certificate holder is authorized to construct and operate sales taps for service to other end-users if:

(1) The natural gas is ultimately consumed by an end-user who is, or will be, served directly or indirectly from the general system supply of the certificate holder;

(2) The volumes delivered are within the certificated entitlements of the customer; and

(3) The certificate holder's tariffs do not prohibit the addition of new delivery points.

(c) *Contents of request.* In addition to the requirements of § 157.205(b), requests for activities described under paragraph (b) should contain:

(1) The name of the distributor and/or the end-user and the location of all proposed sales taps;

(2) The authority for the current sale to the distributor and end-user;

(3) The quantity of gas to be sold through the proposed facility and its end-use; and

(4) The rate or rate schedule applicable to the sale made through the proposed tap.

(d) *Reporting requirements.* As part of the certificate holder's annual report of projects authorized under paragraph (a) of this section, the certificate holder shall report:

(1) The name of the end-user;

(2) The maximum daily volumes to be sold; and

(3) The actual cost of the sales tap and date placed in service.

(e) *Indirect customers.* The authorization in paragraphs (a) and (b) shall apply irrespective of whether the certificate holder sells the natural gas directly to the end-user or the natural gas is delivered to the end-user for the account of a local distribution company.

§ 157.212 Changes in delivery points.

(a) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to add new delivery points for a customer or to reassign volumes of gas to be delivered from one of the customer's delivery points to another, if:

(1) The total volumes to be delivered to the customer after the request do not exceed the total volumes authorized prior to the request;

(2) The change is not prohibited by an existing tariff of the certificate holder; and

(3) The certificate holder has sufficient capacity to accomplish the deliveries specified under the amendment without detriment or disadvantage to the certificate holder's other customers.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (a) shall contain:

(1) The name of the customer;

(2) The location of the delivery points; and

(3) The present and proposed quantities of natural gas to be delivered at each of the affected delivery points.

§ 157.213 Storage services.

(a) *Automatic authorization.* The certificate holder is authorized to provide contract storage services and any incidental transportation on behalf of any person, if:

(1) The storage service is within the certificated capacity of the certificate holder's existing storage facilities;

(2) The storage arrangement does not exceed a period of two years;

(3) The rates charged for the storage and transportation service are covered by a currently effective rate schedule; and

(4) The contract for the storage service provides that the service under the contract shall be subject to the availability of capacity sufficient to provide the service without detriment or disadvantage to the certificate holder's existing customers who are dependent upon the certificate holder's general system supply.

(b) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to provide transportation and storage services specified in paragraph (a) for periods in excess of two years.

(c) *Contents of request and reporting requirements.* In any annual report filed for transactions under paragraph (a), and in any request for services authorized under paragraph (b), the certificate holder shall provide, in addition to the requirements of § 157.207(a) and § 157.205(b), the following information:

(1) The name of the customer;

(2) A copy of the storage service agreement;

(3) The location of the storage facility proposed to be used;

(4) The amount of storage capacity in the facility rendered under the contract, and the amount of uncommitted storage capacity remaining after executing the storage service agreement; and

(5) Citation to the rate schedule applying to the storage service and a statement explaining the treatment of revenues under that rate schedule.

§ 157.214 Increase in storage capacity.

(a) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized to increase the maximum volume of natural gas authorized to be stored in a storage field to the extent that geological data and operating experience have demonstrated that a volume of natural gas greater than that currently certificated may be safely stored without the construction of additional facilities.

(b) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described in paragraph (a) shall contain:

(1) Current and requested maximum storage capacity;

(2) Current and requested maximum storage pressure;

(3) Average depth of the storage formation;

(4) Copies of any geological or engineering studies that demonstrate the feasibility of the increase in storage volume; and

(5) A statement setting forth the purpose of the proposed increased capacity.

(c) *Reporting requirements.* For any storage facility whose capacity is increased pursuant to this section, the certificate holder shall submit semi-annual reports (to coincide with the termination of the injection and withdrawal cycles) containing the information listed in subdivisions (1) through (8) of this paragraph. The certificate holder shall continue to file semi-annual reports until the storage inventory volume has reached, or closely approximates, the maximum specified in the request. Thereafter, the reports shall continue on a semi-annual basis for a period of one year. The filing of reports shall be discontinued thereafter unless otherwise ordered by the Commission. (Volumes shall be stated at 14.73 psia and 60° F, and pressures shall be stated in psia.)

(1) The daily volume of natural gas injected into and withdrawn from the storage reservoir.

(2) The volume of natural gas in the reservoir at the end of the reporting period.

(3) The maximum daily injection or withdrawal rate experienced during the reporting period and the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured.

(4) Results of any tracer program by which the leakage of injected gas may

be determined. If the leakage of gas exists, the report should show the estimated total volume of gas leakage, the volume of recycled gas and the remaining inventory of gas in the reservoir at the end of the reporting period.

(5) Any surveys of pressures in gas wells, water levels in observation wells, pump test results for the aquifer-type reservoirs, and the results of back-pressure tests conducted during the reporting period.

(6) The latest revised structure and isopachous contour maps showing the location of the wells, the location and extent of the gas bubble in the storage reservoir for aquifer-type reservoirs and in any other reservoirs of the project in which gas bubbles are known to exist. This map need not be filed if there is no material change from the map previously filed.

(7) Discussion of current operating problems and conclusions.

(8) Such other data or reports which may aid the Commission in the evaluation of the storage project.

§ 157.215 Underground storage testing and development.

(a) *Automatic authorization.* The certificate holder is authorized to construct and operate natural gas pipeline and compression facilities for the testing or development of underground reservoirs for the possible storage of gas, if:

(1) The testing and development of a particular storage project will be completed within a three-year-period;

(2) The quantity of natural gas injected into the prospective storage fields pursuant to the blanket certificate does not exceed a total of 10,000,000 Mcf at any time in all fields with no more than 2,000,000 Mcf injected into any single field;

(3) Gas will be injected for testing purposes only during off-peak periods;

(4) The storage field developed pursuant to this section will not be utilized to render service without further authorization from the Commission, except that gas may be withdrawn on occasion for testing purposes; and

(5) The total expenditures per calendar year pursuant to this section do not exceed the amount specified in Table II as adjusted pursuant to § 157.208(d). These costs shall include expenditures for leases, wells, pipeline, compressors, and related facilities, but shall exclude the cost of the natural gas to be used for testing purposes.

TABLE II

Year	Limits
1982	$2,700,000

(b) *Reporting requirements*—(1) *Annual reports.* For any storage project tested or developed pursuant to this section, the certificate holder shall file as part of the annual report required under § 157.207(a) the following information:

(i) A description of the facilities constructed and the type of storage reservoir, i.e., gas expansion or dry gas, water-drive or aquifer;

(ii) The location of the facilities;

(iii) The cost of such facilities and date placed in service;

(iv) The monthly volumes of gas injected into and withdrawn from each reservoir;

(v) An estimate of the storage capacity and daily deliverability of each project; and

(vi) A description of the contacts made, reports produced, and results of consultations which took place to ensure compliance with the Endangered Species Act, the National Historic Preservation Act and the Coastal Zone Management Act.

(2) *Quarterly reports.* If the reservoir to be tested and developed is an aquifer-type reservoir, the certificate holder shall file, unless otherwise ordered by the commission, for each such project quarterly reports, under oath, until the project is either certificated for regular service or abandoned. The quarterly report shall contain the following information in addition to the data required by paragraph (b)(1) of this section:

(i) The daily volumes of natural gas injected into and withdrawn from the aquifer during the quarter and the volume of gas in the aquifer at the end of each month;

(ii) The maximum daily injection or withdrawal rate experienced during the quarter and the average working pressure on such maximum days taken at a central measuring point where the total volume injected or withdrawn is measured;

(iii) Results of any tracer program by which leakage of gas may be determined;

(iv) Any pressure surveys of gas wells and water levels in observation wells conducted during the quarter by individual well, and copies of any core analyses, gamma ray, neutron or other electric log surveys and back-pressure tests taken during the quarter;

(v) A map of the storage project showing the location of the wells, the latest revised structure contours, and the location and extent of the gas bubble. This map need not be filed if there is no material change from the map previously filed; and

(vi) Such other data or reports which may aid the Commission in the evaluation of the project.

(c) *Accounting.* The cost of any project ultimately determined to be infeasible for storage shall be charged to Account No. 822 of Part 201, Underground Storage Exploration and Development Expenses.

§ 157.216 Abandonment.

(a) *Automatic authorization.* The certificate holder is authorized pursuant to section 7(b) of the Natural Gas Act to abandon gas supply facilities, if:

(1) The supplier has been authorized to abandon its sale; or

(2) No abandonment of the supplier's sale is required under the Natural Gas Act by operation of section 601(a)(1) of the NGPA.

(b) *Prior notice.* Subject to the notice requirements of § 157.205, the certificate holder is authorized pursuant to section 7(b) of the Natural Gas Act to abandon any sales tap or lateral line and related facilities and service if all of the customers currently served through the sales tap or lateral line consent in writing to the abandonment.

(c) *Contents of request.* In addition to the requirements of § 157.205(b), requests filed for activities described under paragraph (b) shall describe:

(1) The location of the subject facilities;

(2) The docket authorizing the construction and operation of the facilities to be abandoned;

(3) An oath statement that all of the customers served by the subject facilities have consented to the abandonment, or an explanation of why the customers' consent is not available; and

(4) A proposed accounting treatment of any facilities to be abandoned.

(d) *Reporting requirements.* The annual report filed by the certificate holder shall contain, for each abandonment authorized under paragraph (a) of this section:

(1) The name of the supplier;

(2) The docket numbers of the certificates authorizing the sale of gas and the construction and operation of the facilities to be abandoned;

(3) The accounting treatment of the facilities abandoned; and

(4) The date the facilities were actually abandoned.

§ 157.217 Changes in rate schedules.

(a) *Automatic authorization.* The certificate holder is authorized to permit an existing customer, at the customer's request, to change from one rate schedule to another, if:

(1) The combined volumetric limitations on deliveries to the customer under both rate schedules are not increased, for either annual or peak day limitations; and

(2) The changes are consistent with the terms of effective tariffs on file with the Commission.

(b) *Reporting requirements.* In the annual report for any year in which the certificate holder has permitted an existing customer to change from one rate schedule to another pursuant to this section, the certificate holder shall state:

(1) The name of the customer;

(2) The rate schedules involved; and

(3) The effective date of the change.

§ 157.218 Changes in customer name.

(a) *Automatic authorization.* The effective certificates of the certificate holder may be amended to the extent necessary to reflect the change in the name of an existing customer, if:

(1) The change in customer name is the result of a corporate reorganization or acquisition;

(2) The certificate holder has filed any necessary conforming changes in its tariffs; and

(3) The customer's use of gas will not be affected.

(b) *Reporting requirements.* For each customer name change authorized during a calendar year, the certificate holder shall include as a part of its annual report:

(1) The old and new names of the customer; and

(2) A brief explanation of the reason for the name change.

Appendix I—Procedures for Compliance With the Endangered Species Act of 1973 Under § 157.206(d)(3)(i)

The following procedures apply to any certificate holder which undertakes a project to be authorized under a blanket certificate issued pursuant to Subpart F of Part 157 of the Federal Energy Regulatory Commission's (Commission) regulations.

Pursuant to § 157.206(d)(7) of the Commission's regulations, the certificate holder shall, upon acceptance of its blanket certificate, be designated as the Commission's non-Federal representative to the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) in order to conduct informal consultations with those agencies. For purposes of this appendix, "listed species" and "critical habitat" shall have the same meanings as set forth in 50 CFR 402.02. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations only if, prior to constructing facilities or abandoning facilities by removal under the blanket certificate, it complies with the following procedures:

1. The certificate holder shall contact the appropriate regional office of either the FWS or the NMFS (or both the FWS and the NMFS, if appropriate) as determined pursuant to 50 CFR 402.01 for the purpose of initiating informal consultations.

2. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations if the consulted agency (either the FWS or NMFS, or both if appropriate) initially determines, pursuant to the informal consultations:

(a) That no listed species or its critical habitat occur in the project area; and

(b) That no species proposed to be listed under 16 U.S.C. 1533 or its critical habitat occur in the project area.

3. If the consulted agency, pursuant to the informal consultations, initially determines that any species proposed to be listed under 16 U.S.C. 1533 or its critical habitat occur in the project area, then the certificate holder shall confer with the consulted agency on how potential impact can be avoided or reduced. Upon completion of the conference and the implementation of any mitigating measures the certificate holder elects to implement, and compliance with paragraph 4 of this Appendix, if applicable, the certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations.

4. (a) If the consulted agency initially determines, pursuant to the informal consultations, that a listed species or its critical habitat may occur in the project area, then the certificate holder shall continue informal consultation with the consulted agency to determine if the proposed project may affect such species or habitat. Continued informal consultations may include discussions with experts (including experts provided by the consulted agency), field surveys, biological assessments, and formulation of mitigation measures.

(b) The certificate holder shall be deemed in compliance with § 157.206(d)(2)(vii) of the Commission's regulations if the consulted agency agrees with the certificate holder's determination resulting from the continued informal consultations, that the proposed project will not affect the listed species or its critical habitat.

(c) If the consulted agency does not agree with such determination by the certificate holder, or if the certificate holder concludes that the proposed project may affect listed species or the critical habitat of such species, then the certificate holder may not proceed with the proposed project under the blanket certificate.

Appendix II—Procedures for Compliance With the National Historic Preservation Act of 1966 Under § 157.206(d)(3)(ii)

The following procedures apply to any certificate holder which undertakes a project under the authority of a blanket certificate issued pursuant to Subpart F of Part 157 of the Federal Energy Regulatory Commission's (Commission) regulations. For the purposes of this appendix, the following definitions apply:

(a) "Listed property" means any district, site, building, structure or object which is listed (1) on the National Register of Historic Places, or (2) in the **Federal Register** as a property determined to be eligible for inclusion on the National Register.

(b) "SHPO" means the State Historic Preservation Officer or any alternative person duly designated to advise on cultural resource matters.

(c) "Unlisted property" means any district, site, building, structure or object which is not a listed property.

The certificate holder shall be deemed to be in compliance with § 157.206(d)(2)(iv) of the Commission's regulations only if, prior to constructing facilities or abandoning facilities by removal under the blanket certificate, it complies with the following procedures:

(1)(a) If Federally administered land would be directly affected by the project, then the procedures used by the appropriate Federal land managing agency to comply with section 106 of the National Historic Preservation Act of 1966, 16 U.S.C. 470f, shall take precedence over these procedures. The procedures in this appendix apply to state and private lands, and Federal lands for which there are no other Federal procedures.

(b) If there is no SHPO or if the SHPO declines to consult with the certificate holder, the certificate holder shall so inform the Environmental Evaluation Branch, Office of Pipeline and Producer Regulation, of the Commission, and shall not proceed with these procedures or the project until an alternate consultant has been duly designated.

(2) It shall be the certificate holder's responsibility to identify or cause to be identified listed properties and unlisted properties that satisfy the National Register Criteria for Evaluation (36 CFR 1202.6), that are located within the area of the project's potential environmental impact and that may be affected by the undertaking.

(3) The certificate holder shall:

(a) Check the National Register of Historic Places and consult with the SHPO to identify all listed properties within the area of the project's potential environmental impact;

(b) Consult with the SHPO, and to the extent deemed appropriate by the SHPO, check public records and consult with other individuals and organizations with historical and cultural expertise, to determine whether unlisted properties that satisfy the National Register Criteria for Evaluation are known or likely to occur within the area of the project's potential environmental impact; and

(c) Consult with the SHPO to determine the need for surveys to identify unknown unlisted properties. The certificate holder shall evaluate the eligibility of any known unlisted properties located within the area of the project's potential environmental impact according to the National Register Criteria for Evaluation.

(4) The certificate holder shall be deemed in compliance with § 157.206(d)(2)(iv) of the Commission's regulations if the SHPO agrees with the certificate holder that no survey is required, and that no listed properties or unlisted properties that satisfy the National Register Criteria for Evaluation occur in the

area of the project's potential environmental impact.

(5) If the SHPO determines that surveys are required to ensure that no listed properties, or unlisted properties that satisfy the National Register Criteria for Evaluation, occur within the area of the project's potential environmental impact, the certificate holder shall perform surveys deemed by the SHPO to be of sufficient scope and intensity to identify and evaluate such properties. The certificate holder shall submit the results of the surveys including a statement as to which unlisted properties satisfy the National Register Criteria for Evaluation, to the SHPO and solict comments on the surveys and the conclusions.

(6) The certificate holder shall be deemed in compliance with § 157.206(d)(2)(iv) of the Commission's regulations if, upon conclusion of the surveys, the certificate holder and the SHPO agree that no listed properties, and no unlisted properties which satisfy the National Register Criteria for Evaluation, occur in the area of the project's potential environmental impact.

(7) For each listed property, and each unlisted property which satisfies the National Register Criteria for Evaluation, which is located within the area of the project's potential environmental impact, the certificate holder, in consultation with the SHPO, shall apply the Criteria of Effect (36 CFR 800.3(a)) to determine whether the project will have an effect upon the historical, architectural, archeological, or cultural characteristics of the property that qualified it to meet National Register Criteria for Evaluation. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(iv) of the Commission's regulations if the certificate holder and the SHPO agree that the project will not affect these characteristics.

(8) If either the certificate holder or the SHPO finds that the project may affect a listed property or an unlisted property which satisfies the National Register Criteria for Evaluation, located within the area of the project's potential environmental impact, then the project shall not be authorized under the blanket certificate unless such properties can be avoided by relocation of the project to an area where the SHPO agrees that no listed properties or unlisted properties that satisfy the National Register Criteria for Evaluation occur. The certificate holder shall be deemed in compliance with § 157.206(d)(2)(iv) of the Commission's regulations if the project is relocated as described above.

(9) If the certificate holder and the SHPO are unable to agree upon the need for a survey, the adequacy of a survey, or the results of application of the Criteria for Evaluation to an unlisted property, the project shall not be authorized under the blanket certificate.

PART 284—CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

3. Section 284.201 is amended by revising paragraph (e) to read:

§ 284.201 Definitions.

* * * * *

(e) "Fuel Shortage emergency period" means the period starting May 13, 1979, and ending at 11:59 p.m. on the ninetieth (90th) day following the effective date in the final rule in Docket No. RM81–29.

* * * * *

PART 375—THE COMMISSION

4. Section 375.307 is amended by adding new paragraphs (a)(15), (a)(16), and (t), to read as follows:

§ 375.307 Delegations to the Director of the Office of Pipeline and Producer Regulation.

The Commission authorizes the Director of the Office of Pipeline and Producer Regulation or the Director's designee to:

(a) Pass upon the following types of uncontested applications or uncontested amendments to applications:

* * * * *

(15) Applications for blanket certificates of public convenience and necessity pursuant to Subpart F of Part 157, including the waiver of the project cost limitation in § 157.208, and the convening of informal conferences during the 30-day reconciliation period pursuant to the procedures in § 157.205(f) and

(16) Requests which patently fail to comply with the provisions of § 157.205(b).

* * * * *

(t) Compute, for each calendar year, the project limits specified in Table I of § 157.208 and Table II of § 157.215(a) of this chapter, adjusted for inflation, and to publish such limits as soon as possible thereafter in the **Federal Register.**

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Social Security Administration

20 CFR Part 416

Supplemental Security Income for the Aged, Blind, and Disabled; Deeming of Income and Resources

AGENCY: Social Security Administration, HHS.

ACTION: Interim rules with comment period.

SUMMARY: These rules address the problem of certain beneficiaries of supplemental security income (SSI) payments who remain unnecessarily institutionalized because returning home for less costly medical treatment would result in loss of Medicaid eligibility. The rules provide that the Secretary, in appropriate circumstances, will not apply the ordinary SSI rules for deeming certain family members' income and resources to a noninstitutionalized individual. This is a temporary policy that will deal with this concern while States develop appropriate programs of home and community-based services under their Medicaid programs.

DATES: These rules are effective June 4, 1982. Comments may be submitted by August 3, 1982.

ADDRESS: Comments should be submitted in writing to the Commissioner of Social Security, Department of Health and Human Services, P.O. Box 1585, Baltimore, Maryland 21203. Comments received may be inspected during regular business hours by making arrangements with the contact person identified in the following paragraph.

FOR FURTHER INFORMATION CONTACT: Timothy D. Roberson, Department of Health and Human Services, Room 656–G Humphrey Building, 200 Independence Avenue, SW., Washington, D.C. 20201, (202) 245–7187.

SUPPLEMENTARY INFORMATION: Title XVI of the Social Security Act ("the Act") establishes a program of supplemental security income (SSI) for aged, blind, and disabled individuals. Under SSI, qualified needy individuals are entitled to cash payments. Under section 1902(a)(10)(A) of the Act, beneficiaries of SSI payments are in turn eligible for Medicaid in most States. (In 15 States, however, Medicaid eligibility for the aged, blind, and disabled is determined not by receipt of SSI payments, but rather, under section 1902(f) of the Act, by reference to those categories of individuals who were eligible in the States in 1972.)

An individual is eligible for SSI payments only if his or her income and resources fall below established limits. The method for determining the amount of an individual's income and resources is outlined in detail in sections 1612–1614 of the Act and the Department's regulations (20 CFR Part 416, Subparts K and L). An aspect of this income and resource determination is the statutory provision requiring, under certain circumstances, that income and resources of certain persons in the individual's family be considered in determining whether the individual is eligible to receive SSI payments. These provisions concerning the "deeming" of