and proposed an additional deep draft anchorage. The Coast Guard disagrees with this comment since as a result of comments to the NPRM, the Calcasieu Pass LNG/LPG (now the Calcasieu Pass South Anchorage Area) anchorage was shifted fourteen miles further south to deeper water and redescribed in the SNPRM. The alternative proposed by the comment would actually put the anchorage in an area of shallower water and would impact on currently leased tracts.

Although Sonat Marine Inc. supports separate designations for LNG/LPG and general cargo vessels, as mentioned earlier, further analysis by the Eighth Coast Guard District has not indicated a clear and present need to designate special anchorage for LNG/LPG vessels because of the low volume of LNG/LPG traffic density in the area. Therefore, the designation of the Calcasieu Pass LNG/LPG Anchorage Area has been changed. The Calcasieu Pass LNG/LPG Anchorage Area is renamed the Calcasieu Pass South Anchorage (33 CFR 166.200(d)(16)(ii)). The Calcasieu Pass General Anchorage Area is renamed the Calcasieu Pass North Anchorage Area (33 CFR 166.200(d)(16)(i)).

Two of the geographical positions in the description of the Calcasieu Pass LNG/LPG Anchorage Area in the SNPRM were not listed in sequential order. The positions have been resequenced to provide a clear description of the rhumb lines that make up the anchorage.

Southwest Pass Fairways and Anchorage

The fifth position in the description of the Southwest Pass (Mississippi River) to Sea Safety Fairway (28°36'26", 89°18'45") was in error in the SNPRM. The correct position is (28°36'28", 89°18'45"). This safety fairway is described at 33 CFR 166.200(d)(28)(ii).

Regulatory Evaluation

These regulations are considered to be non-major under Executive Order 12291 and non-significant under the Department of Transportation regulatory policies and procedures (44 FR 11034; February 26, 1979). There are no costs associated with the new fairways and anchorages. These designations will contribute to navigation safety without interfering with current development of the OCS. The economic impact of this final rule has been found to be so minimal that further evaluation is unnecessary. Since the impact of this rule is expected to be minimal, the Coast Guard certifies that it will not have a significant impact on a substantial number of small entities.

List of Subjects in 33 CFR Part 166

Anchorage grounds, Marine safety, Navigation (water), Waterways, Shipping safety fairways.

PART 166—[AMENDED]

In consideration of the foregoing, Part 166 of Title 33 CFR is amended as follows:

1. The authority citation for Part 166 continues to read as follows:

Authority: 33 U.S.C. 1223; 49 CFR 1.46(n)(4).

2. Section 166.200 is amended by revising paragraphs (d)(13); (d)(16); (d)(17); (d)(28) (i) and (ii); and (d)(29) to read as follows:

§ 166.200 Shipping Safety Fairways.

* * * * *

(d) *Designated Areas.* All geographical positions in the following designations are North Latitude and West Longitude.

* * * * *

(13) *Sabine Pass Anchorage Areas*—(i) *Sabine Pass Inshore Anchorage Area.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
29°37'32" N.	93°48'02" W.
29°37'32" N.	93°21'25" W.
29°32'52" N.	93°43'00" W.
29°36'28" N.	93°47'14" W.

(ii) *Sabine Bank Offshore (North) Anchorage Area.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
29°26'06" N.	93°43'00" W.
29°26'06" N.	93°41'08" W.
29°24'06" N.	93°41'08" W.
29°24'06" N.	93°43'00" W.

(iii) *Sabine Bank Offshore (South) Anchorage Area.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
29°16'55" N.	93°43'00" W.
29°16'55" N.	93°41'08" W.
29°14'29" N.	93°41'08" W.
29°14'29" N.	93°43'00" W.

* * * * *

(16) *Calcasieu Pass Anchorage Areas*—(i) *Calcasieu Pass North Anchorage Area.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
29°41'12" N.	93°19'37" W.
29°41'12" N.	93°12'28" W.
29°31'16" N.	93°12'16" W.
29°37'30" N.	93°18'15" W.

(ii) *Calcasieu Pass South Anchorage Area.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
28°59'30" N.	93°16'30" W.
28°59'30" N.	93°14'00" W.
28°56'00" N.	93°14'00" W.
28°56'00" N.	93°16'30" W.

(17) *Lower Mud Lake Safety Fairway.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
29°43'24" N.	93°00'18" W.
29°42'00" N.	93°00'18" W.

and rhumb lines joining points at:

29°43'33" N.	93°00'48" W.
29°42'00" N.	93°00'48" W.

* * * * *

(28) *Southwest Pass (Mississippi River) Safety Fairway*—(i) *Southwest Pass (Mississippi River) to Gulf Safety Fairway.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
28°54'33" N.	89°26'07" W.
28°52'42" N.	89°27'06" W.
28°50'00" N.	89°27'06" W.
28°02'32" N.	90°09'28" W.

and rhumb lines joining points at:

28°54'18" N.	89°25'46" W.
28°53'30" N.	89°25'18" W.
28°53'30" N.	89°23'48" W.
28°50'40" N.	89°24'48" W.
28°48'48" N.	89°24'48" W.
28°47'24" N.	89°26'30" W.
28°00'36" N.	90°08'18" W.

(ii) *Southwest Pass (Mississippi River) to Sea Safety Fairway.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
28°54'33" N.	89°26'07" W.
28°52'42" N.	89°27'06" W.
28°50'00" N.	89°27'06" W.
28°47'24" N.	89°26'30" W.
28°36'28" N.	89°18'45" W.

and rhumb lines joining points at:

28°54'18" N.	89°25'46" W.
28°53'30" N.	89°25'18" W.
28°53'30" N.	89°23'48" W.
28°50'40" N.	89°24'48" W.
28°48'48" N.	89°24'48" W.
28°45'06" N.	89°22'12" W.
28°43'27" N.	89°21'01" W.
28°37'54" N.	89°17'06" W.

* * * * *

(29) *Southwest Pass (Mississippi River) Anchorage.* The area enclosed by rhumb lines joining points at:

Latitude	*Longitude*
28°53'30" N.	89°23'48" W.
28°53'30" N.	89°21'48" W.
28°55'06" N.	89°21'48" W.
28°55'06" N.	89°19'18" W.
28°52'41" N.	89°17'30" W.
28°50'40" N.	89°21'14" W.
28°50'40" N.	89°24'48" W.

* * * * *

Dated: January 17, 1986.

T.J. Wojnar,

Rear Admiral, U.S. Coast Guard Chief, Office of Navigation.

[FR Doc. 86-2632 Filed 2-5-86; 8:45 am]

BILLING CODE 4910-14-M

VETERANS ADMINISTRATION

38 CFR Part 36

Loan Guaranty; Extension of Reporting Time for Defaults on Loans

AGENCY: Veterans Administration.

ACTION: Final regulation amendment.

SUMMARY: The VA (Veterans Administration) is amending the reporting requirement on defaulted vendee loans that have been purchased by investors with a repurchase agreement. Previously, holders of such loans had to submit to the VA a notice of default within 30 days after a loan had become two full installments in default. This regulation amendment extends the reporting period to 60 days.

FOR FURTHER INFORMATION CONTACT: Mr. Raymond L. Brodie, Assistant Director for Loan Management (261), Loan Guaranty Service, Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420, (202) 389-3668.

EFFECTIVE DATE: January 10, 1986.

SUPPLEMENTARY INFORMATION: On July 8, 1985, the VA published in the **Federal Register** (50 FR 27833) proposed amendments to § 36.4600 of the VA's loan guaranty regulations. Public comments were requested on a proposal to extend the time period for reporting defaults to the VA on loans sold by the VA with a repurchase agreement. The amended regulation extends the reporting time from 30 to 60 days after a loan becomes two full installments in default. Please refer to the July 8, 1985 **Federal Register** for a complete discussion of the proposed regulation amendment.

Three comments were received on the proposed amendments. One comment was submitted solely to concur with the proposal.

A second comment suggested that purchasers of VA loans might be less interested in the loans because of the extended reporting time. The VA believes that purchasers will not be less interested in the loans since the extended reporting time simply provides the loan holder with a longer period in which to report defaults, but does not alter either the time for the holder to file a claim for repurchase of the loan amount of the principal, interest and other expenses payable by the VA.

The third comment states that "the additional time allotted under the proposal for reporting should be added to the existing forbearance procedure which has been currently sanctioned by the VA (and not substituted in lieu thereof)." The VA's position is that extending the reporting time actually permits the loan holder to grant additional forbearance prior to reporting the default to the VA, and although the VA has not specified or sanctioned any particular "forbearance" procedure, loan holders are expected to service loans according to industry standards (38 CFR 36.4600(c) (12)) and to accept partial payments (38 CFR 36.4600(c)(15) (i) and (ii)) when appropriate.

The Administrator hereby certifies that these final regulation amendments will not have a signficant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601-612. Pursuant to 5 U.S.C. 605(b), these amendments are exempt from the initial and final regulatory analyses requirements of sections 603 and 604. The amendments will have no impact on small organizations or small government entities. Small businesses may be affected slightly due to relaxation of the reporting requirement, but not to an economically significant degree.

The amended regulation has been reviewed under Executive Order, Federal Regulation, and is not considered major as that term is defined. This regulation will not impact on the public or private sectors as a major rule. It will not have an annual effect on the economy of $100 million or more and will not cause a major increase in costs or prices for consumers, individual industries, government agencies, or geographic regions; nor will it have other significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Catalog of Federal Domestic Assistance Program Number is 64.114.

List of Subjects in 38 CFR Part 36

Condominiums, Handicapped, Housing loan programs—housing and community development, Manufactured homes, Veterans.

This amendment is promulgated under authority granted the Administrator by sections 210(c) and 1820 of title 38, United States Code.

Approved: January 10, 1986.

Everett Alvarez, Jr.,

Acting Administrator.

§ 36.4600 [Amended]

In 38 CFR Part 36, Loan Guaranty, § 36.4600 is amended by removing the word "hereby" from paragraph (a); by changing the number "30" to "60" in the text and adding the cite "(38 U.S.C. 210(c), 1820)" at the end in paragraph (c)(1); and by changing the title "Secretary of Housing and Urban Development" to "Federal Emergency Management Agency" in paragraph (c)(3).

[FR Doc. 86-2634 Filed 2-5-86; 8:45 am]

BILLING CODE 8320-01-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Parts 1 and 94

Private Operational-Fixed Microwave Service; Correction

AGENCY: Federal Communications Commission.

ACTION: Final rule; correction.

SUMMARY: This action corrects the effective date of the Final Rule document in this proceeding concerning amendments of the rules governing the private operational-fixed microwave service Parts 1 and 94 to make certain non-substantive changes, published on January 21, 1986, 51 FR 2702.

ADDRESS: Federal Communications Commission, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Harold Salters Private Radio Bureau (202) 632-7597.

In FR Doc. 86-941, appearing in the **Federal Register** issue of January 21, 1986, correct the Effective Date line to read: "January 21, 1986."

Federal Communications Commission.

William J. Tricarico,

Secretary.

[FR Doc. 86-2496 Filed 2-5-86; 8:45 am]

BILLING CODE 6712-01-M

47 CFR Part 65

[CC Docket No. 84-800; Phase II; FCC 85-645]

Interstate Services of AT&T Communications and Exchange Telephone Carriers; Correction

AGENCY: Federal Communications Commission.

ACTION: Final rule; correction.

SUMMARY: This action corrects typographical errors and omissions that appeared in the Report and Order concerning interstate services of AT&T Communications and Exchange Telephone carriers that was published in the **Federal Register** on January 15, 1986, 51 FR 1795-1814.

FOR FURTHER INFORMATION CONTACT: Steve Goodman, Common Carrier Bureau, 202-632-0745.

Erratum

Authorized rates of return for the interstate services of AT&T Communications and Exchange Telephone carriers (CC Docket No. 84-800, Phase II).

Released: January 17, 1986.

By the Commission.

Several errata were present in the *Report and Order* in CC Docket No. 84-800, Phase II (FCC 85-645, Mimeo Number 36337, released December 20, 1985). In light of the errata contained therein (see correct text, *infra*), all scheduled filings are advanced five business days to permit parties additional time to prepare their pleadings. Under this revised schedule, initial carrier filings are to be made on February 10, 1986. The following modifications should be made to the text of that order. (FR Doc. 515, 51 FR 1795-1838).

1. Table of Contents, last line, 51 FR 1795.

2. Para. 1, 51 FR 1795.

1. In this phase of the proceeding, we are establishing procedures and methodologies for represcribing rates of return for the interstate services of AT&T Communications (ATTCOM) and the interstate access services of the local exchange carriers (LECs). Our original Notice of Proposed Rulemaking (*Initial NPRM*)[1] was issued in August of last year. After reviewing the substantial record developed in response to the *Initial NPRM*, we issued a Supplemental Notice of Proposed Rulemaking (*Supplemental Notice*)[2] which refined and modified our initial proposals.

3. Para. 2, 51 FR 1795-1796.

2. The *Supplemental Notice* divided this proceeding into two phases. The Phase I issues, regarding enforcement and interim rates of return, were addressed in an order (*Phase I Order*) recently released.[3] In the *Phase I Order*, we adopted enforcement policies which best balance the interests of ratepayers and investors. We believe the procedures and methodologies we are prescribing will allow us to determine accurately the carriers' costs of capital without creating administrative nightmares.

4. Para. 9, note 25, 51 FR 1797.

25. If we were to begin, initially, with an individual determination of a firm's cost of capital *in toto*, we would have to attempt to remove the effects of non-jurisdictional activities from the firm's financial structure, the firm's cost of embedded debt, the firm's cost of preferred stock, and the firm's cost of common stock.

5. Para. 12, 51 FR 1797.

12. The perceptions of investors, investment analysts or bond rating agencies are accordingly of limited relevance because investors, analysts and bond rating agencies view the firm as a whole in making their decisions. At the present time, an investor cannot invest solely in the interstate access service assets of a local exchange carrier.

6. Para. 26, 51 FR 1800.

26. Commenting parties raise some concerns that cause us to conclude that we should not utilize the state authorized returns as a presumptively correct cost of capital for interstate exchange access services, although we do intend to collect and use that information in determining the interstate rate of return. In criticizing our proposed use of state authorized returns, parties argue that use of costs of capital set at the state level would be inconsistent with the Commission's intent to prescribe accurately an interstate rate of return. One criticism relates to timing. The Commission is attempting to prescribe an exchange carrier rate of return for the upcoming two-year period, yet many of the state authorizations are several years old. According to Southwestern Bell, nearly one-third of the prescriptions for the Bell Operating Companies predate the divestiture.[60] We agree that when interest rates and costs of capital fluctuate widely, a previous state determination might not correspond with current interstate costs of capital.[61]

7. Para. 32, note 66, 51 FR 1801.

66. We would also expect that interexchange carriers or customers would identify instances in which a state's treatment was inconsistent with, and more generous than, Commission treatment.

8. Para. 35, 51 FR 1802.

35. We have decided that we should use a RHC DCF composite methodology with certain modifications as one of the methods for the determination of an interstate access return. We will also use a comparable firm method that is described in Part D. We will not use the Capital Asset Pricing Model ("CAPM") or the risk premium approaches that were described in the *Supplemental Notice*. Those approaches ultimately rely upon a variation of the DCF approach to calculate a cost of equity capital. We have concluded that those additional measurements are not necessary.

9. Para. 38, note 74, 51 FR 1802.

74. This procedure guarantees a "true up" every two years that is based upon the actual daily market performance of each share of common stock. We have decided to use New York Stock Exchange share price trading data because of the requirements that the New York Stock Exchange imposes upon listed companies and member firms, and the broad volume of trading that occurs on the New York Stock Exchange. Data services, however, more frequently report New York Stock Exchange Composite price data (*i.e.*, daily price data for NYSE listed firms for all exchanges, rather than price data that is unique to the New York Stock Exchange). In light of this limitation, and the comparatively short period of time that parties will have to prepare their pleadings (as contrasted with the next represcription cycle), we have decided to utilize composite exchange price data for this represcription cycle.

10. Para. 39, 51 FR 1802.

39. The *Supplemental Notice* discussed a tentative preference for adjusting the last quarter's dividend by the growth rate that was expected to occur during the period that the prescription would be in effect.[76] In light of our decision to represcribe automatically the cost of equity every two years on the basis of the actual data, we have concluded that it is neither necessary nor desirable to attempt to reconcile conflicting estimates of expected growth rates of dividends in computing the value of D that is to be utilized. Instead, we have decided to use the average of annual dividends that were actually paid during the two years that immediately precede the represcription filing. The average of those dividends is readily determinable and unambiguous. In addition, the availability, in computer data bases, of actual, as compared with declared, dividends, should facilitate computer assisted analyses of the costs of common stock equities.

11. Para. 38, note 75, 51 FR 1802.

See para. 48, *infra*. Our decision to use daily trading data is also more consistent with our decisions to use experienced (actual) annual growth rates of dividends (*see* para. 40, *infra*), and the average annual dividend during the two year period preceding each represcription filing (*see* para. 39, *infra*), rather than using estimates of those values.

12. Para. 40, note 78, 51 FR 1802.

78. G_1 is derived from the slope ("B") of the ordinary least squares trend line of quarterly dividends that were declared during the two calendar years preceding the represcription filing, where

$$G_1 = \left[\frac{B}{\text{Average Quarterly Dividend}} + 1 \right]^4 - 1.$$

13. Para. 45, 51 FR 1803.

45. The debt component includes short, intermediate, and long term issues. The cost of debt shall be the most recent embedded cost of debt [89] at the time that the initial rate of return filings are made (see Appendix A). The amount of debt to be used in calculating the relative weight of debt in the WACC will be the book value of that debt.[90] Straight preferred stock, for weighting purposes, shall be treated in the same manner as short and intermediate term debt. Its cost will be the most recently available embedded dividend cost (*i.e.*, dividend divided by book value) at the time of the most recent balance sheet that has been filed with the SEC prior to the filings that are required in Part 65 of our rules. The weight will be based upon the book value of the straight preferred stock that is outstanding.

14. Para. 47, note 92, 51 FR 1804.

92. See paras. 49–51, *infra*.

15. Para. 48, note 93, 51 FR 1804.

93. The *Supplemental Notice* discussed the possibility of determining, over time, sets of analysts whose estimates of G would be included in the record. Based upon the comments that have been filed in this proceeding, we have concluded that it is neither necessary nor desirable to entertain disputes as to the composition of such a group. *See Supplemental Notice* at paras. 63–64, n.56.

16 Para. 50, note 97, 51 FR 1804.

97. For this purpose, we have defined the coefficient of variation to be the standard deviation about the ordinary least squares trend line, divided by the simple average of the data. Coefficients of variation for comparable firms are to be based upon quarterly data for eight quarters preceding the prescription filing. Only those firms are to be included that have reported expense and revenue data for eight quarters as of the date of the represcription filing. For many firms, this limitation will constrain the data set to those firms whose most recent SEC filing was for the third quarter of the year immediately preceding the represcription filing.

17. Para. 50, note 98, 51 FR 1804.

98. The trend data and variability would be measured on a quarterly basis by combining the monthly NECA data for the months that are contained within each quarter. "Expenses" for coefficient of variation analyses would not include Federal income taxes. If the sample size that results from this procedure is abnormally small, we may consider: (i) Employing a single detrended coefficient of variation of operating income screen that is based upon NECA revenues minus NECA expense (*i.e.*, a single income screen in lieu of the two coefficient of variation screens that are based upon two income components); (ii) identifying a sample size among firms that are otherwise comparable (*i.e.*, that meet the other screen requirements) that would be centered upon one or more detrended coefficient of variation screens; or (iii) utilizing the methodology identified by AT&T for comparable firms (*see* AT&T comments at 10–14).

18. Para. 53, note 102, 51 FR 1805.

102. *See* AT&T Comments at 12, Attachment A.

19. Para. 54, note 104, 51 FR 1805.

104. For the filing to be submitted on February 10, AT&T shall perform the analyses specified in § 65.500 of the Commission's Rules. In this regard, AT&T shall, pursuant to § 65.500(c)(1), exclude those firms that did not have a Standard and Poor's credit rating, on one or more debt issues, of AA– or better (or equivalent Moodys or Fitches ratings) during the two calendar years immediately preceding the represcription filing. Pursuant to § 65.500(c) (2) and (3), AT&T shall determine a set of comparable firms that are based upon the detrended coefficients of variation of expenses and net revenues that are calculated on the basis of quarterly Interstate Monthly Report No. 1 data for the two calendar years immediately preceding the represcription filing. In addition to the set of comparable firms thus determined, pursuant to § 65.500(d) AT&T shall further identify, and perform comparable firm cost of capital measurements in accordance with the formulae, methodologies, data, and calculations that are specified in § 65.300–304, upon a second set for firms that are determined under the coefficient of variation net income methodology for ATTCOM that is specified in pages 12–13 and Statement of Lindenberg and Vinson, Attachment A, pages 1–4, of AT&T's September 25, 1985 Comments in this proceeding. In determining the two sets of comparable firms, AT&T should utilize the NYSE universe of companies, rather than just those in the Standard and Poor's 500, as had been suggested in its comments. *See* para. 53, *supra*. Thus, both sets of comparable firms will utilize the same initial screens (NYSE listed companies and a credit rating of AA– or better), but will differ with respect to the coefficient of variation screens.

§ 65.102 [Corrected]

20. In the Appendix (51 FR 1809), § 65.102(b)(1) is corrected to read:

* * * * *

(b) * * *

(1) Initial carrier rate of return submissions for the prescribed methodologies shall not exceed 70 pages in length. Data prescribed by §§ 65.201(a)(1) and (2), 65.201(b), and 65.300–65.400 are not counted in the 70 pages.

* * * * *

§ 65.201 [Corrected]

21. In the Appendix (51 FR 1810), § 65.201(b)(3) is corrected to read:

* * * * *

(b) * * *

(3) The embedded cost of debt (expressed as an annual rate, see § 65.301) that applies to each debt obligation that is contained in the most recent financial structure that has been filed with the Securities and Exchange Commission.

§ 65.300 [Corrected]

* * * * *

22. In the Appendix (51 FR 1811), § 65.300, first paragraph is corrected to read:

Sections 65.301–304 specify the calculations that are to be performed in computing the weighted average cost of capital for each firm for whom a weighted average cost of capital is calculated. Financial structure weights, debt issues, and classes of preferred and common stock are to be calculated on the basis of the most recent position statement (10–Q or 10–K) that has been filed with the Securities and Exchange Commission. The calculations of costs of capital and their weights shall be calculated to eight decimal places and shall not be rounded at the eighth decimal place.

* * * * *

23. In the Appendix (51 FR 1811), § 65.300(b)(1) is corrected to read:

* * * * *

(b) * * *

(1) for short term debt components (and the short term component of capitalized leases), the "Prime Bank Loan Rate";

* * * * *

24. In the Appendix (51 FR 1811), § 65.300(b)(3) is corrected to read:

(b) * * *

(3) for capitalized long term lease obligations, the internal rate of return, unless that rate cannot be calculated in which case the "Corporate AAA Bonds" rate;

* * * * *

§ 65.301 [Corrected]

25. In the Appendix (51 FR 1811), § 65.301(a), the formula is corrected to read:

(a) * * *

$$K_{dip} = \frac{(\text{Effective Annual Interest Rate})(\text{Principal})}{\text{Net Proceeds}} - \frac{(\text{Premium})\ (365.25)}{(\text{Net Proceeds})\ (N)}$$

* * * * *

26. In the Appendix (51 FR 1811), § 65.301(b)—formula is corrected to read:

(a) * * *

$$K_{did} = \frac{(\text{Effective Annual Interest Rate})(\text{Principal})}{\text{Net Proceeds}} + \frac{(\text{Discount})\ (365.25)}{(\text{Net Proceeds})\ (N)}$$

* * * * *

27. In the Appendix (51 FR 1812), § 65.301(c)—formula is corrected to read:

* * * * *

(c) * * *

$$K_{dip}1 = \frac{(\text{Effective Annual Interest Rate})(\text{Principal})—(\text{Premium})\ (n)^{-1}}{\text{Net Proceeds}}$$

* * * * *

28. In the Appendix (51 FR 1812), § 65.301(d)—formula is corrected to read:

* * * * *

(d) * * *

$$K_{did}1 = \frac{(\text{Effective Annual Interest Rate})(\text{Principal}) + (\text{Discount})\ (n)^{-1}}{\text{Net Proceeds}}$$

* * * * *

§ 65.303 [Corrected]

29. In the Appendix (51 FR 1812), § 65.303(a) is corrected to read:

(a) *General.* The cost of each issue of common stock (K_e) is to be calculated by the general formula: $K_e = D/P + G_i$; where D is the average annual dividend during the two calendar years preceding the represcription filing, P is the average daily price of that issue of common stock during each trading day during the two calendar years that precede the represcription filing, and G_i is the annual rate of growth as hereinafter defined ($G_i = G_1, G_2$). The calculations of the cost of common stock equity should consistently adjust D, P, and G, for stock splits and dividends of shares of common stock.

* * * * *

30. In the Appendix (51 FR 1812), § 65.303(b) is corrected to read:

* * * * *

(b) *Calculation of Dividend* ("D"). D is the average of the annual dividends that have been paid during the two calendar years that precede the represcription filing.

* * * * *

§ 65.304 [Corrected]

31. In the Appendix (51 FR 1812), § 65.304(c) is corrected to read:

* * * * *

(c) The weight that is to be applied to each cost of capital component shall be equal to the book value of that component divided by the total book values of all cost of capital components for each firm for whom a cost of capital has been computed. The total of all weights that are calculated in the computation of the weighted average cost of capital of any firm shall be 1.0000000.

* * * * *

§ 65.400 [Corrected]

32. In the Appendix (51 FR 1813), § 65.400(a)(1) is corrected to read:

(a) * * *

(1) Continuously filed quarterly and annual financial statements with the Securities and Exchange Commission during the eight quarters that are closest to the represcription filing;

* * * * *

33. In the Appendix (51 FR 1813), § 65.400(e)(3) is corrected to read:

(e) * * *

(3) The computation of the NECA coefficients of variation for the February 10, 1986 filing shall be computed on the basis of monthly NECA data. For subsequent represcription filings, the monthly NECA data shall be aggregated into quarterly NECA expense and revenue data to compute coefficients of variation that are based upon that quarterly data. Coefficients of variation for comparable firms shall be calculated on the basis of quarterly data. Linear trend lines are to be computed on the basis of ordinary least squares. The detrended coefficient of variation that is to be calculated, in each instance, is the standard deviation from the ordinary least squares linear trend line of each data series divided by the average value of the data series.

* * * * *

Federal Communications Commission.
William J. Tricarico,
Secretary.

[FR Doc. 86-1616 Filed 2-5-86; 8:45 am]
BILLING CODE 6712-01-M

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47 CFR Part 74

[MM Docket No. 85-126; FCC 86-58]

Radio and Television Broadcasting; Review of Technical and Operational Requirements

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: This action deregulates Part 74 of the Commission's Rules, pertaining to technical and operational requirements for remote pickup stations and wireless microphones. The purpose of these amendments is to provide auxiliary station licensees with the maximum allowable design and operational flexibility. These changes are also intended to encourage more efficient use of the spectrum.

EFFECTIVE DATE: March 10, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Hank VanDeursen, Mass Media Bureau, (202) 632-9660.

SUPPLEMENTARY INFORMATION:

List of Subjects in 47 CFR Part 74

Radio broadcasting, TV broadcasting.

Report and Order

In the matter of Review of Technical and Operational Requirements: Part 74-D Broadcast Remote Pickup Service; and Part 74-H Low Power Auxiliary Stations (MM Docket No. 85-126).

Adopted: January 23, 1986.
Released: January 30, 1986.

By the Commission.

Introduction/Background

1. The Commission has under consideration, a *Notice of Proposed Rule*