

A copy of this filing was caused to be served upon the Okanogan Public Utility District as noted in the filing letter.

*Comment date:* March 13, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### 25. New England Power Company

[Docket No. ER97-1668-000]

Take notice that on February 12, 1997, New England Power Company (NEP) filed a Service Agreement with Fitchburg Gas & Electric Co. (FG&E) for non-firm, point-to-point transmission service under NEP's open access transmission tariff, FERC Electric Tariff, Original Volume No. 9.

*Comment date:* March 13, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### 26. Public Service Company of New Mexico

[Docket No. ER97-1669-000]

Take notice that on February 12, 1997, Public Service Company of New Mexico (PNM), submitted for filing an executed service agreement under the terms of PNM's Open Access Transmission Tariff with Southwestern Public Service Company. PNM's filing is available for public inspection at its offices in Albuquerque, New Mexico.

*Comment date:* March 13, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### 27. Southern Company Services, Inc.

[Docket No. ER97-1670-000]

Take notice that on February 12, 1997, Southern Company Services, Inc. (SCSI), acting on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric and Power Company (collectively referred to as Southern Companies) filed two (2) service agreements under Southern Companies' Market-Based Rate Power Sales Tariff (FERC Electric Tariff, Original Volume No. 4) with the following entities: (i) Illinois Power Company; and (ii) Morgan Stanley Capital Group, Inc. SCSI states that the service agreements will enable Southern Companies to engage in short-term market-based rate transactions with this entity.

*Comment date:* March 13, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### 28. Black Brook Energy Company

[Docket No. ER97-1676-000]

Take notice that on February 12, 1997, Black Brook Energy Company tendered for filing a Petition for Initial Rate

Schedule, Waivers and Blanket Authority.

*Comment date:* March 13, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### 29. City of Vernon, California

[Docket No. OA97-524-000]

Take notice that on February 7, 1997, City of Vernon, California (Vernon) filed an application for waiver of the requirements of Order No. 889. Vernon states that it meets the standards enunciated by the Commission for eligibility for such a waiver.

*Comment date:* March 20, 1997, in accordance with Standard Paragraph E at the end of this notice.

#### Standard Paragraph

E. Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 18 CFR 385.214). All such motions or protests should be filed on or before the comment date. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding.

Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Lois D. Cashell,

*Secretary.*

[FR Doc. 97-5481 Filed 3-5-97; 8:45 am]

BILLING CODE 6717-01-P

#### [Project Nos. 11285-003]

#### Casitas Municipal Water District; Notice of Extension of Comment Date

February 28, 1997.

Because of delayed newspaper publication of the notice issued February 5, 1997 (62 FR 8235, February 24, 1997), for the Lake Casitas Power Project, the comment date in item j. is being extended from March 25, 1997 to April 1, 1997.

Lois D. Cashell,

*Secretary.*

[FR Doc. 97-5480 Filed 3-5-97; 8:45 am]

BILLING CODE 6717-01-M

[Docket No. PL97-1-000]

#### Issues and Priorities for the Natural Gas Industry; Notice of Public Conference and Opportunity To Comment

February 28, 1997.

Take notice that the Federal Energy Regulatory Commission is convening a public conference on May 29 and 30, 1997, to conduct a broad inquiry into the important issues facing the natural gas industry today, and the Commission's regulation of the industry for the future. The Commission expects a broad ranging discussion that will allow the members of the Commission to discuss these issues with the industry, and the public generally, in order for the Commission to establish its regulatory goals and priorities in the post-Order No. 636<sup>1</sup> environment. We anticipate engaging all industry segments in a dialogue about how the industry currently works, how the industry is changing, and how the Commission's regulatory policies should respond to such changes in the marketplace.

#### I. Background

Since the issuance and implementation of Order No. 636, natural gas markets have developed rapidly and the industry has gained experience functioning under different conditions.<sup>2</sup> Also, significant changes in the structure of the natural gas industry have occurred since Order No. 636 issued. These include consolidation in the ownership of interstate pipelines, the spin-off and spin-down of gathering with the potential for state regulation, the emergence of mega marketers, and the emerging electric and gas convergence. In addition, many more market centers exist today, offering a wide array of services that increase the flexibility of the system and facilitate connections between gas sellers and buyers. These services commonly include wheeling, parking, loaning, and storage.

The interstate pipeline transportation grid has expanded significantly, offering

<sup>1</sup> Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol, [Regs. Preambles Jan. 1991-June 1996] FERC Stats. & Regs. ¶ 30,939 (1992), *order on reh'g*, Order No. 636-A, [Regs. Preambles Jan. 1991-June 1992] FERC Stats. & Regs. ¶ 30,950 (1992), *order on reh'g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), *reh'g denied*, 62 FERC ¶ 61,007 (1993).

<sup>2</sup> For example, the winters of 1993-94 and 1995-96 were relatively cold and capacity in some regions was tight, and the winter of 1994-95 relatively warm and capacity was unusually slack in some regions.

shippers more flexibility in their choice of supply areas, and creating new paths from existing supply areas to additional markets. Today, the natural gas contract is among the most heavily traded of all commodity futures. Also, pipeline capacity rights can now be traded, and electronic communication and trading is increasingly more common. Electronic trading systems enable buyers to discover the price and availability of gas at transaction points, submit bids, complete legally binding transactions, and prearrange capacity release transactions. Further, capacity release is also playing an increasingly significant role in permitting the reallocation of firm pipeline capacity to customers most desiring it. Capacity release permits shippers to release the rights to transportation on the segments of a pipeline they do not need, and to acquire firm rights in segments that connect to other supply areas, on a temporary or permanent basis. In sum, all of the changes that have occurred since Order No. 636 have given shippers better alternatives at less cost and greater reliability than ever before.

With all these advances, the industry now faces new issues. A few states have implemented unbundled retail access for all customer classes. Unbundled retail access is progressing in some states faster than others, and unbundled retail access generally is not available to all customer classes equally. Further, the exercise of market power behind the city gate may translate into the exercise of market power in the interstate transportation market. These developments may create new issues for the Commission in its regulation of interstate pipelines.

In addition, the ability of customers to buy and sell gas and transportation capacity, especially in the intraday market, is not yet a reality. Electric generators, for example, sell into increasingly competitive hourly electric markets. The natural gas market has not yet developed the ability to engage in transactions on an hourly basis. The Commission would like input on whether trading gas and transportation capacity on an hourly basis is desirable to meet the needs of customers. It may be that regulatory impediments exist that prevent the natural gas industry from offering such flexibility.

Under Order No. 636 the natural gas markets have improved industry reliability; however, there may be further improvements that could be made, and at a lower cost. From a competitive perspective, gas transportation and commodity markets are interconnected. Many commodity trades cannot occur without the

appropriate transportation. Therefore, the Commission needs to continually assess the operation of the transportation system to ensure that unnecessary restrictions, particularly regulatory restrictions, do not impair the functioning of the commodity market. Are there aspects of interstate pipeline regulation that could facilitate the emergence of even more efficient natural gas commodity and transportation markets?

In the aftermath of Order No. 636, the Commission also sees more competition among interstate pipelines. Nontraditional interstate service providers, such as intrastate pipelines, Hinshaw pipelines and local distribution companies, are also competing with interstate pipelines to provide interstate service. This raises questions concerning the relative roles of NGPA Section 311<sup>3</sup> and NGA Section 7<sup>4</sup> in meeting the demand for new interstate services. Increased use of NGPA Section 311 to provide a wide variety of interstate transportation services creates questions about applying two different regulatory regimes.

In addition, there are longstanding issues respecting pricing and environmental review for new facilities. Furthermore, given the post-Order No. 636 evolution of the natural gas industry, there are questions concerning the Commission's criteria for the certification and siting of new interstate pipeline facilities.

At the same time, market power issues also remain a concern. Discrimination, affiliate abuse, and other exercises of market power by transporters and holders of interstate pipeline capacity (*i.e.*, LDC's, marketers, producers and endusers) can undermine the goals of open access and can pose impediments to greater regulatory flexibility.

The Commission remains committed to the fundamental goal of Order No. 636: "improving the competitive structure of the natural gas industry in order to maximize the benefits of wellhead decontrol."<sup>5</sup> To that end, the Commission has already initiated certain regulatory changes to improve the functioning of the transportation grid. Among these are the standardization of interstate pipeline business practices,<sup>6</sup> which the

Commission intends to be a continuing effort. The Commission also has adopted an alternative ratemaking policy, including market-based, negotiated, and incentive rates. Further, the Commission has obtained comments on the appropriateness of also permitting the negotiation of the terms and conditions of service.<sup>7</sup> The Commission has also considered capacity turnback issues in specific cases. The Commission has proposed improvements to the capacity release rules so that pipeline capacity can be traded more efficiently.<sup>8</sup> In addition to these initiatives, the Commission has also been urged to develop procedures to clarify and expedite the processing of complaints.

## II. Scope of Inquiry

As noted, the Commission is interested in obtaining public comment as to what should be the Commission's near-term and longer term regulatory priorities. We request a broad analysis of industry issues now and in the future, including those deemed the highest priority for Commission action. Specifically, the Commission would like input on issues of competition and market power, the general financial outlook for the industry, and the present and future development of industry segments (*e.e.*, pipelines, local distribution companies, producers, marketers, and consumers). We would also like an analysis of whether, and to what extent, the Commission's current approach to regulation should be altered. For example, in light of the issues identified, what procedural innovations should the Commission explore? How can the Commission more effectively address the issues inherent in a competitive environment? How should the Commission continue to fulfill its NGA mandate in an increasingly competitive market? It is the answers to these kinds of questions that the Commission seeks in this proceeding.

## III. Request for Comments

In order to focus and facilitate the organization of the discussion at the conference, the Commission requests written comments from interested participants to be filed with the Commission by April 29, 1997. The Commission requests that the

<sup>3</sup> 15 U.S.C. § 3371.

<sup>4</sup> 15 U.S.C. § 717f.

<sup>5</sup> Order No. 636 at 30,392 (citation omitted).

<sup>6</sup> Standards for Business Practices of Interstate Natural Gas Pipelines, Order No. 587, 61 FR 39053 (July 26, 1996), III FERC Stats. & Regs. ¶ 31,038 (1996) (to be codified at 18 CFR Parts 161, 250 and 284).

<sup>7</sup> Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines, 74 FERC ¶ 61,076 (1996).

<sup>8</sup> Secondary Market Transactions on Interstate Natural Gas Pipelines, 61 FR 41046 (August 7, 1996), IV FERC Stats. & Regs. ¶ 32,520 (proposed July 31, 1996).

participants include executive summaries in their comments, and file joint comments, wherever possible. Any person who wishes to make a formal presentation to the Commission should submit a request to the Secretary of the Commission along with the written comments. The Commission will issue a separate notice at a later date organizing the public conference.

An original and 14 copies of comments on these issues should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, DC 20426, and should refer to Docket No. PL97-1-000. All written comments will be placed in the Commission's public files and will be available for inspection in the Commission's Public Reference Room during regular business hours.

Commenters are requested to submit a diskette containing the written comments. If the Commission receives diskettes with the comments submitted in hard copy, then the Commission will make the written comments also available on the Commission Issuance Posting System (CIPS). CIPS is available at no charge to the user and may be accessed using a personal computer with a modem by dialing 202-208-1397 if dialing locally or 1-800-856-3920 if dialing long distance. To access CIPS, set your communications software to 19200, 14400, 12000, 9600, 7200, 4800, 2400, or 1200 bps, full duplex, no parity, 8 data bits and 1 stop bit. The full text of this order will be available on CIPS in ASCII and WordPerfect 5.1 format. CIPS user assistance is available at 202-208-2474. CIPS is also available on the Internet through the Fed World system. Telnet software is required. To access CIPS via the Internet, point your browser to the URL address: <http://www.fedworld.gov> and select the "Go to the FedWorld Telnet Site" button. When your Telnet software connects you, log on to the FedWorld system, scroll down and select FedWorld by typing: 1 and at the command line and type: /go FERC. FedWorld may also be accessed by Telnet at the address [fedworld.gov](http://fedworld.gov).

All questions concerning the format of the conference should be directed to: Erica J. Yanoff, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, DC 20426, 202-208-0708.

By direction of the Commission.  
Lois D. Cashell,  
Secretary.

[FR Doc. 97-5535 Filed 3-5-97; 8:45 am]

BILLING CODE 6717-01-M

### **Notice of Issuance of Decisions and Orders by the Office of Hearings and Appeals; Week of February 3 Through February 7, 1997**

During the week of February 3 through February 7, 1997, the decisions and orders summarized below were issued with respect to appeals, applications, petitions, or other requests filed with the Office of Hearings and Appeals of the Department of Energy. The following summary also contains a list of submissions that were dismissed by the Office of Hearings and Appeals.

Copies of the full text of these decisions and orders are available in the Public Reference Room of the Office of Hearings and Appeals, Room 1E-234, Forrestal Building, 1000 Independence Avenue, SW, Washington, D.C. 20585-0107, Monday through Friday, between the hours of 1:00 p.m. and 5:00 p.m., except federal holidays. They are also available in *Energy Management: Federal Energy Guidelines*, a commercially published loose leaf reporter system. Some decisions and orders are available on the Office of Hearings and Appeals World Wide Web site at <http://www.o.ha.doe.gov>.

Dated: February 25, 1997.

George B. Breznay,  
Director, Office of Hearings and Appeals.

Decision List No. 19

*Week of February 3 Through February 7, 1997*

Personnel Security Hearings

*Personnel Security Hearing, 2/3/97  
VSO-0106,*

An OHA Hearing Officer issued an Opinion regarding the eligibility of an individual to maintain access authorization under the provisions of 10 C.F.R. Part 710. After considering the testimony presented at the hearing and the record, the Hearing Officer found that the individual habitually used alcohol to excess and had mental conditions (alcohol abuse and alcohol dependency) that cause or may cause a significant defect in judgment or reliability. These findings were based on the individual's two charges of Driving Under the Influence (DUI), his pattern of alcohol consumption despite the negative impact it had on his life and the fact that such consumption violated the terms of his probation, and the diagnoses of two mental health professionals, including one selected by the individual himself. The Hearing Officer found the Individual was not rehabilitated or reformed from his habitually excessive use of alcohol. The Hearing Officer also found that there

was a security concern resulting from other alcohol consumption-related behavior that tended to show that the individual was not honest, reliable or trustworthy. However, the Hearing Officer found that the security concerns raised by other mental conditions diagnosed by the DOE psychiatrist were mitigated by the passage of time and a more current diagnosis in which another mental health professional expressed his opinion that such mental conditions were not present. Therefore, the Hearing Officer found that those concerns had been mitigated. Nevertheless, because of the security concerns based on his alcohol-related charges, the Hearing Officer recommended that the individual's access authorization not be restored. *Personnel Security Hearing, 2/3/97, VSO-0113*

An OHA Hearing Officer issued an Opinion regarding the eligibility of an individual to maintain access authorization under the provisions of 10 C.F.R. Part 710. After considering the testimony presented at the hearing and the record, the Hearing Officer found that the individual habitually used alcohol to excess. This finding was based on the individual's two charges of Driving Under the Influence (DUI), the high amount of alcohol that the individual consumed and his belief that he had a drinking problem. Although the individual had attended a three month counseling program, he continued to drink. The Hearing Officer found the Individual was not rehabilitated or reformed from his habitually excessive use of alcohol. The Hearing Officer also found the Individual, due to his two DUI arrests, two assault charges, two domestic violence charges, two telephone harassment charges, and his unreformed drinking habitually to excess to have engaged in unusual conduct or to have been subject to circumstances which tend to show that he was not honest, reliable, or trustworthy; or which furnished reason to believe that he may be subject to pressure, coercion, exploitation, or duress which may cause him to act contrary to the best interests of the national security. Accordingly, the Hearing Officer recommended that the individual's access authorization not be restored.

*Personnel Security Hearing, 2/7/97, VSO-0118*

A Hearing Officer found that an individual had not successfully mitigated security concerns arising from his provision of false information to the DOE and a pattern of criminal and other conduct that tended to show that the