

(International). However, other personnel from the IRS and the Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding the following new entries:

Authority: 26 U.S.C. 7805 * * *

Section 1.367(a)–3T(e) also issued under 367(a) and (b). * * *

Section 1.367(a)–8T also issued under 367(a) and (b). * * *

Par. 2. Section 1.367(a)–3 is amended by revising paragraphs (e) and (f) to read as follows:

§ 1.367(a)–3 Treatment of transfers of stock or securities to foreign corporations.

(e) [The text of this proposed amendment is the same as the text of § 1.367(a)–3T(e) published elsewhere in this issue of the **Federal Register**.]

(f) [The text of this proposed amendment is the same as the text of § 1.367(a)–3T(f) published elsewhere in this issue of the **Federal Register**.]

* * * * *

Par. 3. Section 1.367(a)–8 is revised to read as follows:

§ 1.367(a)–8 Gain recognition agreement requirements.

[The text of proposed § 1.367(a)–8 is the same as the text of § 1.367(a)–8T published elsewhere in this issue of the **Federal Register**.]

Kevin M. Brown,

Deputy Commissioner for Services and Enforcement.

[FR Doc. 07–496 Filed 2–1–07; 10:34 am]

BILLING CODE 4830–01–P

POSTAL REGULATORY COMMISSION

39 CFR 3001

[Docket No. RM2007–1; Order No. 2]

Administrative Practice and Procedure, Postal Service

AGENCY: Postal Regulatory Commission.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: Recent legislation alters the postal ratemaking process, and tasks the Postal Regulatory Commission to develop regulations to implement this process. This notice invites public comment, in advance of formulating substantive rule proposals, to guide this process.

DATES: Initial comments due April 6, 2007; reply comments due May 7, 2007.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>.

FOR FURTHER INFORMATION CONTACT:

Stephen L. Sharfman, General Counsel, 202–789–6820 and stephen.sharfman@prc.gov.

SUPPLEMENTARY INFORMATION: The Postal Accountability and Enhancement Act, Public Law 109–435 (PAEA), directs that the Postal Regulatory Commission (Commission) shall by regulation establish a modern system for regulating rates and classes for market dominant postal products. The PAEA further directs that the Commission shall promulgate regulations to bound Postal Service discretion in setting rates for competitive postal products. Both of these tasks are to be completed by June 19, 2008.

Interested persons are invited to provide written comments and suggestions as to how the Commission can best fulfill these responsibilities to achieve the purposes of the PAEA. Comments are due within 60 days of the date of publication of this notice in the **Federal Register**. All comments and suggestions received will be available for review on the Commission's Web site, <http://www.prc.gov>. Interested persons are further invited to review these submissions and provide follow-up comments and suggestions within 30 additional days, that is, within 90 days of the publication of this notice in the **Federal Register**.

Commenters are requested to specifically explain how suggestions will comport with the specific applicable statutory directions as set out below.

I. Modern Rate Regulation of Market Dominant Products

The PAEA reforms the postal laws of the United States. Among other things, it alters the method by which the rates and fees for postal products may be changed. Separate rules are to apply for market dominant, as opposed to competitive, postal services. The Commission is given 18 months to develop and implement this system. In fulfilling this responsibility, the Commission is to effectuate the

following specific policies set forth in the PAEA.

A. Requirements

The system for regulating rates and classes for market dominant products shall:

1. Establish a schedule whereby rates, when necessary and appropriate, would change at regular intervals by predictable amounts;

2. Include an annual limitation on the percentage changes in rates, to be set by the Commission, that will be equal to the change in the Consumer Price Index for All Urban Consumers unadjusted for seasonal variation over the most recent available 12-month period preceding the date the Postal Service files notice of its intention to increase rates;

3. Establish procedures whereby the Postal Service may adjust rates not in excess of the annual limitation;

4. Provide that not later than 45 days before the implementation of any adjustment in rates subject to this limitation, including special rates pursuant to factor (10), below:

(a) Require the Postal Service to provide public notice of the adjustment;

(b) Provide an opportunity for review by the Commission;

(c) Provide for the Commission to notify the Postal Service of any noncompliance of the adjustment with this annual limitation;

(d) Require the Postal Service to respond to the notice provided under the previous clause and describe the actions to be taken to comply with this annual limitation; and

5. Establish procedures to allow rate adjustments in excess of the annual limitation on an expedited basis due to either extraordinary or exceptional circumstances, provided:

(a) There is not sufficient unused rate authority as defined in 39 U.S.C. 3622(d)(2)(C); and

(b) The Commission determines, after notice and opportunity for a public hearing and comment, and within 90 days after any request by the Postal Service, that such adjustment is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.

B. Objectives

The system for regulating rates and classes for market dominant products shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:

1. To maximize incentives to reduce costs and increase efficiency;
2. To create predictability and stability in rates;
3. To maintain high quality service standards established under 39 U.S.C. 3691;
4. To allow the Postal Service pricing flexibility;
5. To assure adequate revenues, including retained earnings, to maintain financial stability;
6. To reduce the administrative burden and increase the transparency of the ratemaking process;
7. To enhance mail security and deter terrorism;
8. To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail; and
9. To allocate the total institutional costs of the Postal Service appropriately between market dominant and competitive products.

C. Factors

In establishing the system for regulating rates and classes for market dominant products, the Commission shall take into account:

1. The value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;
2. The requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;
3. The effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;
4. The available alternative means of sending and receiving letters and other mail matter at reasonable costs;
5. The degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;
6. Simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;

7. The importance of pricing flexibility to encourage increased mail volume and operational efficiency;
8. The relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;
9. The importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;
10. The desirability of special classifications for both postal users and the Postal Service in accordance with the policies of Title 39, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that
 - (a) Either improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; or enhance the performance of mail preparation, processing, transportation, or other functions; and
 - (b) Do not cause unreasonable harm to the marketplace;

11. The educational, cultural, scientific, and informational value to the recipient of mail matter;

12. The need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;

13. The value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; and

14. The policies of this title as well as such other factors as the Commission determines appropriate.

D. Additional Consideration

The system for regulating rates and classes for market dominant products must enable the Commission to ensure that workshare discounts, as defined in 39 U.S.C. 3622(e)(1), do not exceed the cost that the Postal Service avoids as a result of workshare activity unless:

1. The discount is
 - (a) Associated with a new postal service, a change to an existing postal service, or with a new workshare initiative related to an existing postal service; and
 - (b) Necessary to induce mailer behavior that furthers the economically efficient operation of the Postal Service and the portion of the discount in excess of the cost that the Postal Service avoids as a result of the workshare

activity will be phased out over a limited period of time; or

2. The amount of the discount above costs avoided

(a) Is necessary to mitigate rate shock; and

(b) Will be phased out over time; or

3. The discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value; or

4. Reduction or elimination of the discount would impede the efficient operation of the Postal Service.

Application of these standards shall not require that a workshare discount be reduced or eliminated if the reduction or elimination of the discount would:

1. Lead to a loss of volume in the affected category or subclass of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category or subclass subject to the discount below what it otherwise would have been if the discount had not been reduced or eliminated; or

2. Result in a further increase in the rates paid by mailers not able to take advantage of the discount.

II. Provisions Applicable to Rates for Competitive Products

With regard to competitive products, regulations are to be established that:

1. Prohibit the subsidization of competitive products by market dominant products;
2. Ensure that each competitive product covers its costs attributable; and
3. Ensure that all competitive products collectively cover what the Commission determines to be an appropriate share of the institutional costs of the Postal Service.

Ordering Paragraphs

It is ordered:

1. Docket No. RM2007-1 is established for the purpose of receiving comments in advance of developing regulations effectuating a modern system of ratemaking.

2. Interested persons may submit comments no later than 60 days from the date of publication of this notice in the **Federal Register**.

3. Reply comments also may be filed no later than 90 days from the date of publication of this notice in the **Federal Register**.

4. Shelley S. Dreifuss, director of the Office of the Consumer Advocate, is designated to represent the interests of the general public in this docket.

5. The Secretary shall arrange for publication of this Notice in the **Federal Register**.

By the Commission.

Steven W. Williams,

Secretary.

[FR Doc. E7-1787 Filed 2-2-07; 8:45 am]

BILLING CODE 7710-FW-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R10-OAR-2006-1013; FRL-8275-8]

Approval and Promulgation of Air Quality Implementation Plan; Alaska

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA invites public comment on its proposal to approve numerous revisions to the State of Alaska Implementation Plan. The Commissioner of the Alaska Department of Environmental Conservation (ADEC) submitted two requests to EPA dated May 6, 2005 and June 30, 2006 to revise certain sections of ADEC's air quality regulations. The revisions were submitted in accordance with the requirements of section 110 of the Clean Air Act (hereinafter the Act or CAA). Although EPA proposes to approve most of the submitted revisions, EPA proposes not to approve in this rulemaking a number of submitted rule provisions which are inappropriate for EPA approval.

DATES: Written comments must be received on or before March 7, 2007.

ADDRESSES: Submit your comments, identified by Docket ID Number EPA-R10-OAR-2006-1013, by one of the following methods:

A. *www.regulations.gov.* Follow the on-line instructions for submitting comments.

B. *E-Mail:* cunningham.roylene@epa.gov.

C. *Mail:* Roylene A. Cunningham, EPA, Office of Air, Waste, and Toxics (AWT-107), 1200 Sixth Avenue, Seattle, Washington 98101.

D. *Hand Delivery:* EPA, Region 10 Mailroom, 9th Floor, 1200 Sixth Avenue, Seattle, Washington 98101. Attention: Roylene A. Cunningham, Office of Air, Waste, and Toxics (AWT-107). Such deliveries are only accepted during normal hours of operation, and special arrangements should be made for deliveries of boxed information.

Instructions: Direct your comments to Docket ID No. EPA-R10-OAR-2006-1013. EPA's policy is that all comments received will be included in the public docket without change and may be

made available online at www.regulations.gov, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit information that you consider to be CBI or otherwise protected through www.regulations.gov or e-mail. The www.regulations.gov Web site is an "anonymous access" system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through www.regulations.gov, your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses.

Docket: All documents in the electronic docket are listed in the www.regulations.gov index. Although listed in the index, some information is not publicly available, *i.e.*, CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in www.regulations.gov or in hard copy during normal business hours at the Office of Air, Waste and Toxics, EPA Region 10, 1200 Sixth Avenue, Seattle, Washington 98101. Copies of the State submittal are also available at the State of Alaska, Department of Environmental Conservation, 410 Willoughby Avenue, Ste 303, Juneau, Alaska 99811-1800.

FOR FURTHER INFORMATION CONTACT: Roylene A. Cunningham, (206) 553-0513, or by e-mail at cunningham.roylene@epa.gov.

SUPPLEMENTARY INFORMATION: Throughout this document, whenever "we", "us", or "our" is used, we mean the EPA. Information is organized as follows:

Table of Contents

- I. Background of Submittal
- II. Summary of Action
 - A. Provisions Approved by EPA and Incorporated by Reference
 - 1. Documents, Procedures, and Methods Adopted by Reference
 - 2. Opacity Standards
 - 3. Nonroad Engines
 - 4. Ambient Analysis Methods
 - 5. Owner-Requested Limits
 - 6. Preapproved Emission Limits
 - 7. Prevention of Significant Deterioration (PSD) Permits
 - 8. Nonattainment Area Major Stationary Source Permits
 - 9. Source-Specific Minor Permits
 - 10. General Minor Permits
 - 11. Conclusion
 - B. Provisions Approved by EPA into the SIP, But Not Incorporated by Reference
 - C. Provisions Not Approved by EPA
 - 1. Provisions Not Related to Section 110 of the CAA
 - 2. Provisions Related to Clean Units and the Pollution Control Projects Exclusion
 - 3. Ambient Air Quality Analysis Methods (18 AAC 50.215(a)(3))
 - 4. Enforceable Test Methods (18 AAC 50.220(c)(2))
 - 5. Excess Emissions (18 AAC 50.240)
 - 6. Source Test Deadline (18 AAC 50.345(l))
 - 7. Standard Operating Permit Condition II (18 AAC 50.346(a))
 - 8. Electronic Applications (18 AAC 50.542(b)(2))
 - 9. Revisions to Minor Permits (18 AAC 50.546(b))
- III. Requested Sections to be Removed from the SIP
- IV. Geographic Scope of SIP Approval
- V. Statutory and Executive Order Reviews

I. Background of Submittal

On May 6, 2005, the Commissioner of ADEC submitted a request to EPA to revise the Alaska SIP to include a completely revised version of the State of Alaska's Air Quality Regulation in 18 AAC 50. These changes became effective as a matter of State law on January 29, 2005.

On June 30, 2006 the Commissioner of ADEC submitted a request to EPA to revise the Alaska SIP to include additional revisions to 18 AAC 50. The revised portions reflected in this submittal include adoption by reference of updated EPA rules and changes to the portable oil and gas drill rig regulations. These changes became effective as a matter of State law on December 3, 2005. Included in the submittal was a request that EPA exclude from consideration for SIP approval the portions of 18 AAC 50 affected by the June 24, 2005, United States Court of Appeals, District of Columbia Circuit decision which vacated portions of EPA's new source review rules pertaining to clean units and pollution control projects.