

Proposed Rules

Federal Register

Vol. 66, No. 6

Tuesday, January 9, 2001

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1721

RIN 0572-AB60

Extensions of Payments of Principal and Interest

AGENCY: Rural Utilities Service, USDA.
ACTION: Notice of proposed rulemaking.

SUMMARY: The Rural Utilities Service (RUS) proposes to add procedures and conditions under which Borrowers may request extensions of the payment of principal and interest. These procedures and conditions are stated in RUS Bulletin 20-5:320-2, Extensions of Payments of Principal and Interest, dated May 10, 1972, and RUS Bulletin 20-23, Section 12 Extensions for Energy Resources Conservation Loans, dated December 8, 1980; however, these procedures and conditions were not codified in the Code of Federal Regulations. This regulation will set forth procedures and conditions under which Borrowers may request extensions of principal and interest. RUS is proposing to rescind upon the effective date of this regulation RUS Bulletin 20-5:320-2, and RUS Bulletin 20-23.

DATES: Written comments must be received by RUS or carry a postmark or equivalent no later than March 12, 2001.

ADDRESSES: Written comments should be addressed to Al Rodgers, Deputy Assistant Administrator, Electric Program, U.S. Department of Agriculture, Rural Utilities Service, Room 4037 South Building, Stop 1560, 1400 Independence Ave., SW., Washington, DC 20250-1560. Telephone (202) 720-9547. RUS requires a signed original and three copies of all comments (7 CFR Part 1700). All comments received will be made available for inspection in room 4037 South Building during regular business hours.

FOR FURTHER INFORMATION CONTACT: Gail P. Salgado, Management Analyst, Rural Utilities Service, Electric Program, Room 4024 South Building, Stop 1560, 1400 Independence Ave., SW., Washington, DC 20250-1560. Telephone: (202) 205-3660.

SUPPLEMENTARY INFORMATION

Executive Order 12866

This rule has been determined to be not significant for purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

Executive Order 12372

This rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require a consultation with State and local officials. See the final rule related notice titled, "Department Programs and Activities Excluded from Executive Order 12372" (50 FR 47034) advising the RUS loans and loan guarantees were not covered by Executive Order 12372.

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. RUS has determined that this rule meets the applicable standards provided in section 3 of the Executive Order. In addition, (1) all State and local laws and regulations that are in conflict with this rule will be preempted, (2) no retroactive effect will be given to this rule, and, (3) in accordance with sec. 212(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. sec. 6912(e)), administrative appeals procedures, if any are required, must be exhausted prior to initiating an action against the Department or its agencies.

Regulatory Flexibility Act Certification

The Administrator of RUS has determined that this rule relating to the RUS electric loan program is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) and therefore, the Regulatory Flexibility Act does not apply to this rule. RUS borrowers, as a result of obtaining federal financing, receive economic benefits that exceed any direct costs associated with complying with RUS regulations and requirements.

Information Collection and Recordkeeping Requirements

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), RUS invites comments on this information collection for which RUS intends to request approval from the Office of Management and Budget (OMB).

Comments on this notice must be received by March 12, 2001.

Comments are invited on (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden including the validity of the methodology and assumption used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques on other forms of information technology.

Comments may be sent to F. Lamont Heppe, Jr., Director, Program Development and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., Stop 1522, Room 4034 South Building, Washington, DC 20250-1522.

Title: Extensions of Payments of Principal and Interest.

Type of Request: New information collection.

Abstract: To set forth the procedure for Borrowers' requests for extensions of principal and interest.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 4.36 hours per response.

Respondents: Not-for-profit institutions, business or other for-profit.

Estimated Number of Respondents: 90.

Estimated Number of Responses per Respondent: 2.

Estimated Total Annual Burden on Respondents: 180.

Copies of this information collection can be obtained from Michele Brooks, Program Development and Regulatory Analysis, at (202) 690-1078.

All responses to this information collection and recordkeeping notice will be summarized and included in the

request for OMB approval. All comments will also become a matter of public record.

National Environmental Policy Act Certification

The Administrator of RUS has determined that this proposed rule will not significantly affect the quality of the human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*). Therefore, this action does not require an environmental impact statement or assessment.

Catalog of Federal Domestic Assistance

The program described by this proposed rule is listed in the Catalog of Federal Domestic Assistance Programs under number 10.850, Rural Electrification Loans and Loan Guarantees. This catalog is available on a subscription basis from the Superintendent of Documents, the United States Government Printing Office, Washington, DC 20402-9325, telephone number (202) 512-1800.

Unfunded Mandates

This rule contains no Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act of 1995) for State, local, and tribal governments or the private sector. Thus, this rule is not subject to the requirements of section 202 and 205 of the Unfunded Mandates Reform Act.

Background

RUS believes it to be a good business practice to provide a Borrower the opportunity to request an extension of time and payment of principal and interest where such an extension provides the Borrower the flexibility to address financial hardship and achieve specified program objectives to benefit rural America.

This proposed rule contains the procedures and conditions under which Borrowers may request RUS approval for extensions of principal and interest under the circumstances specified in the proposed rule. Eligible purposes include financial hardship, energy resource conservation (ERC) loans, renewable energy projects, and contributions-in-aid of construction. The procedures and conditions for these purposes have not previously been codified in the Code of Federal Regulations. In addition, eligible new purposes (renewable energy projects and contributions-in-aid of construction) are included in this proposed rule and will follow the same procedures and conditions as the ERC loans. Samples of board resolutions

mentioned in the proposed rule can be located on the RUS webpage, <http://www.usda.gov/rus/electric/forms.htm>.

Authority for these extensions are contained in section 12(a) of the Rural Electrification Act of 1936 (RE Act), as amended and section 236 of the Disaster Relief Act of 1970 (Pub. L. 91-606), as amended by the Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354). RUS proposes to add procedures and conditions under which Borrowers may request extensions of principal and interest. Many of these procedures and conditions are stated in RUS Bulletin 20-5:320-2, Extensions of Payments of Principal and Interest, dated May 10, 1972, and RUS Bulletin 20-23, Section 12 Extensions for Energy Resources Conservation Loans, dated December 8, 1980.

RUS is proposing to rescind upon the effective date of this regulation RUS Bulletin 20-5:320-2, Extensions of Payments of Principal and Interest, dated May 10, 1972, and RUS Bulletin 20-23, section 12 Extensions for Energy Resources Conservation Loans, dated December 8, 1980. RUS believes the information contained in these bulletins will be obsolete and unnecessary upon finalization of the proposed rule.

List of Subjects in 7 CFR Part 1721

Electric power, Loan programs “ energy, Rural areas.

For the reasons set forth in the preamble, RUS proposes to amend 7 CFR chapter XVII, part 1721 by adding subpart B to read as follows:

PART 1721—POST LOAN POLICIES AND PROCEDURES FOR INSURED ELECTRIC LOANS

1. The authority citation for part 1721 continues to read:

Authority: 7 U.S.C. 901 *et seq.*; 1921 *et seq.*, and 6941 *et seq.*

2. Add subpart B to read as follows:

Subpart B—Extensions of Payments of Principal and Interest

Sec.	
1721.100	Purpose.
1721.101	General.
1721.102	Definitions.
1721.103	Policy.
1721.104	Eligible purposes.
1721.105	Application documents.
1721.106	Repayment of deferred payment.
1721.107	Agreement.
1721.108	Commencement of the deferment.

§ 1721.100 Purpose.

This subpart contains RUS procedures and conditions under which Borrowers may request RUS approval for extensions for the payment of principal and interest.

§ 1721.101 General.

The procedures in this subpart are intended to provide Borrowers with the flexibility to request an extension of principal and interest as authorized under section 12(a) of the RE Act and section 236 of the Disaster Relief Act of 1970 (Public Law 91-606).

§ 1721.102 Definitions.

The definitions contained in 7 CFR 1710.2 are applicable to this subpart unless otherwise stated.

§ 1721.103 Policy.

(a) In reviewing requests for extension of payment of principal and interest, consideration shall be given to the effect of such extensions on the security of the Government's loans, and on the ability of the Borrower to achieve program objectives. It is the policy of RUS to extend the time for payment of principal and interest on the basis of findings that such extension does not impair the security and feasibility of the Government's loans and:

(1) Is essential to the effectiveness of the Borrower's operations in achieving specified program objectives; or

(2) Is necessary to help a Borrower place its operations on a more stable financial basis and thereby provide assurance of repayment of loans within the time when payments of such loans are due under the terms of the note or notes as extended; or

(3) Is otherwise in the best interest of the Government.

(b) Extensions will be given in the minimum amount to achieve the purpose of the extension.

(c) The total amount of interest that has been deferred will be added to the principal balance and the total amount of principal and interest that has been deferred will be reamortized over the life of the applicable note beginning in year six (6).

(d) Payment of principal and interest will not be extended more than 5 years after such payment shall have become due. However, in cases where the extension is being granted because, at the sole discretion of the Administrator, a severe hardship has been experienced, the Administrator may grant a longer extension provided that the maturity date of any such loan does not extended to a date beyond forty (40) years from the date of the loan.

§ 1721.104 Eligible purposes.

(a) *Deferments for financial hardship.*

(1) A Borrower may defer principal or interest or both in cases of severe financial hardship. The deferral would be considered so as to help a Borrower place its operations on a more stable

financial basis and thereby provide assurance of repayment of loans within the time when payment of such loans are due under the terms of the note or notes as extended.

(2) The determination as to whether a Borrower qualifies for the deferment will be made by RUS on a case-by-case basis, considering such factors as:

(i) Substantial unreimbursed expenses relating to storm damage;

(ii) Loss of large power load;

(iii) Substantial loss of consumers or load due to hostile annexations and condemnations; or

(iv) Need to substantially upgrade a borrower's system to bring it into compliance with the National Electric Safety Code (NESC).

(b) *Deferments for energy resource conservation (ERC) loans.* (1) A Borrower may defer principal payments to make funds available to their consumers to conserve energy. Amounts deferred under this program can be used to cover the cost of labor and materials for the following energy conservation measures:

(i) Caulking;

(ii) Weather-stripping;

(iii) Heat pump systems (including water source heat pumps);

(iv) Heat pumps, water heaters, and central heating or central air conditioning system replacements or modifications, which reduce energy consumption;

(v) Ceiling insulation;

(vi) Wall insulation;

(vii) Floor insulation;

(viii) Duct insulation;

(ix) Pipe insulation;

(x) Water heater insulation;

(xi) Storm windows;

(xii) Thermal windows;

(xiii) Storm or thermal doors;

(xiv) Electric system coordinated

customer-owned devices that reduce the maximum kilowatt demand on the electric system;

(xv) Clock thermostats; or

(xvi) Attic ventilation fans.

(2) ERC loans will be amortized over not more than 84 months, without penalty for prepayment of principal.

(c) *Deferments for renewable energy projects.* (1) A Borrower may defer principal payments to finance renewable energy projects. Amounts deferred under this program can be used to cover any and all costs to install all or part of a renewable energy system including, without limitation:

(i) Energy conversion technology;

(ii) Electric system interface;

(iii) Delivery equipment;

(iv) Control equipment; and

(v) Certain energy consuming devices.

(2) A Borrower may defer principal payments for the purpose of providing

its consumers with loans to install all or part of customer-owned renewable energy systems up to 5kW.

(3) For the purpose of this subpart, a renewable energy system is one that can directly collect and convert solar, wind, or biomass energy into a usable form of energy such as electricity or heat.

(4) For the purpose of this subpart, a renewable energy project consists of one or more renewable energy systems.

(d) *Deferments for contributions-in-aid of construction.* (1) A Borrower may defer principal payments to make funds available to new full time residential consumers to assist them in paying their share of the construction costs (contribution-in-aid of construction) needed to connect them to the Borrower's system.

(2) Amounts available for this purpose will be limited to the amount of the construction costs that are in excess of the average cost per residential consumer incurred by the Borrower to connect new permanent residential consumers during the last calendar year for which data is available.

§ 17121.105 Application documents.

(a) *Deferments for financial hardship.* A Borrower requesting a section 12 deferment because of financial hardship should submit the following:

(1) A summary of the financial position of the Borrower, based on the latest information available (usually less than 60 days old).

(2) A copy of the board resolution requesting an extension due to financial hardship.

(3) A 10-year financial forecast of revenues and expenses on a cash basis, by year, for the period of the extension and 5 years beyond to establish that the remaining payments can be made as rescheduled.

(4) A listing of notes or portions of notes to be extended, the effective date for the beginning of the extension, and the length of the extension.

(5) A narrative description of the nature and cause of the hardship and the strategy that will be instituted to mitigate or eliminate the effects of the hardship.

(b) *Deferments for energy resource conservation loans.* A Borrower requesting principal deferments for an ERC loan program should submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering an ERC loan program to its members.

(2) A copy of the board resolution establishing the ERC loan program and outlining the details of the program.

(c) *Deferments for renewable energy projects.* A Borrower requesting principal deferments for its renewable energy project should submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering a renewable energy project program to its members and outlining the details of the program.

(2) A copy of the board resolution establishing the renewable energy project.

(d) *Deferments for contribution-in-aid of construction.* A Borrower requesting principal deferments for contribution-in-aid of construction should submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering a contribution-in-aid of construction program and outlining the details of the program.

(2) A copy of the board resolution establishing the contribution-in-aid of construction program.

(3) A summary of the calculations used to determine the average cost per residential consumer. (See § 1721.104 (d)(2)).

§ 1721.106 Repayment of deferred payment.

(a) *Deferments relating to financial hardship.* The total amount of interest that has been deferred will be added to the principal balance and the total amount of principal and interest that has been deferred will be reamortized over the life of the applicable note beginning in year six (6). For example: the amount of interest deferred in years 2001, 2002, 2003, 2004, and 2005, will be added to the principal balance and reamortized over the life of the applicable note in year 2006.

(b) *Deferments relating to the ERC loan program, renewable energy project, and the contribution-in-aid of construction.* An extension agreement is for a term of two (2) years. The installment will be recalculated each time the Borrower defers the payment of principal and recognition of the deferred amount will begin with the next payment. For example: the amount deferred in the October payment will be reamortized over a 84 month period starting with the next payment (November if paying on a monthly basis). When a Borrower defers principal under any of these programs the scheduled payment on the account will increase by an amount sufficient to pay off the deferred amount by the date specified in the agreement (usually 84 months (28 quarters)).

§ 1721.107 Agreement.

After approval of the Borrower's request for a deferment of principal and interest, an extension agreement, containing the terms of the extension, together with associated materials, will be prepared and forwarded to the Borrower by RUS.

§ 1721.108 Commencement of the deferment.

The deferment of principal and interest will not begin until the extension agreement and any other supporting materials requested by RUS have been executed and returned by the Borrower to RUS in form and substance satisfactory to RUS.

Dated: December 19, 2000.

Jill Long Thompson,

Under Secretary, Rural Development.

[FR Doc. 01-557 Filed 1-8-01; 8:45 am]

BILLING CODE 3410-15-P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 39**

[Docket No. 99-CE-67-AD]

RIN 2120-AA64

Airworthiness Directives; DG Flugzeugbau GmbH Model DG-800B Sailplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes to adopt a new airworthiness directive (AD) that would apply to certain DG Flugzeugbau GmbH (DG Flugzeugbau) Model DG-800B Sailplanes. The proposed AD would require you to install an additional filter for the primer valve; inspect and align the exhaust system; modify the placement of the fuel lines if the fuel filter is installed at the front mounting point of the spindle drive; and secure the gas strut piston rod end using Loctite if the piston rod does rotate. The proposed AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany. The actions specified by the proposed AD are intended to prevent failure of the fuel line, exhaust system, and piston rod of the gas strut, which could result in failure of the engine. Such failure could lead to loss of power during critical stages of flight.

DATES: The Federal Aviation Administration (FAA) must receive any

comments on this proposed rule by February 20, 2001.

ADDRESSES: Send three copies of your comments to FAA, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 99-CE-67-AD, 901 Locust, Room 506, Kansas City, Missouri 64106. You may read comments at this location between 8 a.m. and 4 p.m., Monday through Friday, except holidays.

You may get service information that applies to the proposed AD from DG Flugzeugbau, Postbox 41 20, D-76646 Bruchsal, Federal Republic of Germany; telephone: +49 7257-890; facsimile: +49 7257-8922. You may read this information at the Rules Docket at the address above.

FOR FURTHER INFORMATION CONTACT:

Mike Kiesov, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4144; facsimile: (816) 329-4090.

SUPPLEMENTARY INFORMATION:**Comments Invited**

How do I comment on the proposed AD? We invite your comments on the proposed rule. You may send whatever written data, views, or arguments you choose. You need to include the rule's docket number and send your comments in triplicate to the address specified under the caption **ADDRESSES**. We will consider all comments received by the closing date specified above, before acting on the proposed rule. We may change the proposals contained in this notice in light of the comments received.

Are there any specific portions of the proposed AD I should pay attention to? The FAA specifically invites comments on the overall regulatory, economic, environmental, and energy aspects of the proposed rule that might require a change to the proposed rule. You may look at all comments we receive. We will file a report in the Rules Docket that summarizes each FAA contact with the public that concerns the substantive parts of this proposal.

We are re-examining the writing style we currently use in regulatory documents, in response to the Presidential memorandum of June 1, 1998. That memorandum requires federal agencies to communicate more clearly with the public. We are interested in your comments on the ease of understanding this document, and any other suggestions you might have to improve the clarity of FAA communications that affect you. You can get more information about the Presidential memorandum and the plain

language initiative at <http://www.faa.gov/language/>.

How can I be sure FAA receives my comment? If you want us to acknowledge the receipt of your comments, you must include a self-addressed, stamped postcard. On the postcard, write "Comments to Docket No. 99-CE-67-AD." We will date stamp and mail the postcard back to you.

Discussion

What events have caused this proposed AD? The Luftfahrt-Bundesamt (LBA), which is the airworthiness authority for the Federal Republic of Germany, recently notified FAA that an unsafe condition may exist on all Model DG-800B sailplanes equipped with a SOLO engine. The LBA reports that an extensive review of the service history revealed failures of the primer valve, exhaust system, fuel line, exhaust and piston rod of the gas strut for the engine.

What are the consequences if the condition is not corrected? The actions specified by the proposed AD are intended to prevent failure of the fuel line, exhaust system, and piston rod of the gas strut, which could result in failure of the engine. Such failure could lead to loss of power during critical stages of flight.

Is there service information that applies to this subject? DG Flugzeugbau has issued these technical notes (TN):

—TN No. 873/12, dated March 9, 1999; and
—TN No. 873/13, dated June 30, 1999.

What are the provisions of these service bulletins? These service bulletins includes procedures for:

- Installing an additional filter for the primer valve;
- Inspecting and aligning the exhaust system;
- Modifying the placement of the fuel lines if the fuel filter is installed at the front mounting point of the spindle drive; and
- Securing the gas strut piston rod end using Loctite, if the piston rod does rotate.

What action did the LBA take? The LBA classified this service information as mandatory and issued German AD Number 1999-167, dated May 20, 1999, and German AD Number 1999-269, dated July 22, 1999, in order to assure the continued airworthiness of these sailplanes in the Germany.

Was this in accordance with the bilateral airworthiness agreement? These sailplane models are manufactured in Germany and are type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation