

**DEPARTMENT OF ENERGY****Office of Energy Efficiency and Renewable Energy****10 CFR Part 430****[Docket Number EE-TP-98-101]****Workshop Regarding Test Procedures, Labeling, Standards Compliance, and Related Matters for Commercial Water Heaters, Boilers, Furnaces, Air Conditioners, and Heat Pumps****AGENCY:** Office of Energy Efficiency and Renewable Energy, Department of Energy.**ACTION:** Notice of public workshop.

**SUMMARY:** The Department of Energy (DOE) will hold an informal public workshop to discuss issues and gather information related to DOE's development of proposed rules for energy efficiency test procedures, labeling, and standards compliance as they relate to commercial water heaters, boilers, furnaces, air conditioners, and heat pumps. All persons are hereby given notice of the opportunity to attend and participate in this public workshop and to submit written comments.

**DATES:** The public workshop will be held on Tuesday, April 14, 1998, from 9 a.m. until 4:45 p.m., and on Wednesday, April 15, 1998, from 9 a.m. to 3:30 p.m.

**ADDRESSES:** The workshop will be held at the U.S. Department of Energy, Forrestal Building, Room 1E-245, 1000 Independence Avenue, SW, Washington, DC 20585.

Written comments are welcome, especially following the workshop. Please submit 10 copies (no faxes) and a computer diskette (WordPerfect 6.1) to: Ms. Brenda Edwards-Jones, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, "Energy Conservation Program for Commercial Products: Water Heaters, Boilers, Furnaces, Air Conditioners, and Heat Pumps, Docket No. EE-TP-98-101," EE-43, 1000 Independence Avenue, SW, Washington, DC 20585-0121. Telephone: (202) 586-2945; Telefax: (202) 586-4617.

Copies of the transcript of the public workshop, public comments received, and this notice may be read (or copied) at the Freedom of Information Reading Room, U.S. Department of Energy, Forrestal Building, Room 1E-190, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-3142, between the hours of 9 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:**

Cyrus Nasser, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, EE-43, 1000 Independence Avenue, SW, Washington, DC 20585-0121, (202) 586-9138, e-mail: cyrus.nasser@ee.doe.gov; or Edward Levy, Esq., U.S. Department of Energy, Office of General Counsel, GC-72, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-9507, e-mail: edward.levy@hq.doe.gov.

**SUPPLEMENTARY INFORMATION:** The Department of Energy is drafting a proposed rule to implement the Energy Policy and Conservation Act (EPCA) provisions for energy efficiency test procedures, labeling, and standards compliance concerning commercial water heaters, boilers, furnaces, air conditioners, and heat pumps. 42 U.S.C. 6314-6316. While EPCA calls for adoption of test procedures referenced in the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc. (ASHRAE), Standard 90.1, several issues have been raised concerning how the Standard should be interpreted. The purpose of the public workshop is to discuss the following issues for developing the notice of proposed rulemaking:

- a. Clarification of coverage and category definitions in reference standards for commercial water heaters;
- b. Determination of procedures for measuring insulation value and heat loss in unfired commercial hot water storage tanks;
- c. Definition of "packaged" boiler for purposes of the proposed rulemaking;
- d. Treatment of "jacket losses" in combustion and thermal efficiency calculations;
- e. Uniformity of test conditions, procedures, and setup requirements across different types of commercial boilers and furnaces;
- f. Appropriate treatment of commercial boilers and furnaces with unusual features for specialized applications;
- g. Correct external static pressure test conditions for commercial air conditioners and heat pumps in light of typical outlet duct pressures observed in buildings;
- h. Determination of cost-effective and reliable statistical sampling regimes for standard certification and enforcement;
- i. Identification of practical certification and enforcement testing regimes for products with low production volumes;
- j. Determination of the information that should be displayed on certification labels; and
- k. Effective schemes for labeling mixed component systems.

The Department is preparing a paper entitled, "Issues Paper for the Commercial Water Heaters, Boilers, Furnaces, Air Conditioners, and Heat Pumps Workshop on April 14 and 15, 1998," that explains and discusses these issues in greater detail. Copies will be available on request. For many of the issues, the paper sets forth alternative approaches that the Department is considering to include in the Notice of Proposed Rulemaking.

The Department is particularly interested in receiving at the workshop comments and views of interested parties concerning: (1) The above-listed issues; (2) alternative approaches the Department is considering for addressing these issues; (3) information that the National Institute of Standards and Technology should take into account in interpreting ASHRAE Standard 90.1 test procedures for commercial water heaters, boilers, furnaces, air conditioners, and heat pumps for DOE's consideration; and (4) any viable alternatives that may have been overlooked in the preparation of the issue paper. The Department encourages those who wish to participate in the workshop to obtain the issue paper and to make presentations that address its contents. Workshop participants need not limit their statements to those topics, however. The Department is interested in receiving views concerning other issues that participants believe would affect the content of test procedures, labeling, and standards compliance for commercial water heaters, boilers, furnaces, air conditioners, and heat pumps.

The meeting will be conducted in an informal, conference style. A court reporter will be present to record the minutes of the meeting. There shall be no discussion of proprietary information, costs or prices, market shares, or other commercial matters regulated under antitrust law. After the meeting and period for written comments, the Department will consider the views presented in formulating a Notice of Proposed Rulemaking regarding energy efficiency test procedures, labeling, and standards compliance as they relate to commercial water heaters, boilers, furnaces, air conditioners, and heat pumps.

If you would like to participate in the workshop, to receive workshop materials, or to be added to the DOE mailing list to receive future notices and information regarding commercial water heaters, boilers, furnaces, air conditioners, and heat pumps, please contact Ms. Brenda Edwards-Jones, (202) 586-2945.

Issued in Washington, DC, on April 1, 1998.

**Dan W. Reicher,**

*Assistant Secretary, Energy Efficiency and Renewable Energy.*

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## DEPARTMENT OF THE TREASURY

### Comptroller of the Currency

#### 12 CFR Part 28

[Docket No. 98-06]

RIN 1557-AB58

#### International Banking Activities

**AGENCY:** Office of the Comptroller of the Currency, Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Office of the Comptroller of the Currency (OCC) is proposing to amend its regulation governing international lending, by simplifying the discussion concerning the accounting for fees on international loans to make the regulation consistent with generally accepted accounting principles (GAAP). This proposal also makes other changes to subpart C that are intended to clarify and simplify the rule.

**DATES:** Comments must be received on or before June 5, 1998.

**ADDRESSES:** Written comments should be submitted to Docket No. 98-06, Communications Division, Third Floor, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219. In addition, comments may be sent by facsimile transmission to FAX number (202)-874-5274, or by electronic mail to [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). Comments will be available for inspection and photocopying at that address.

**FOR FURTHER INFORMATION CONTACT:** Tom Rees, Professional Accounting Fellow, Bank Supervision Policy, (202) 874-5180; John Abbott, Deputy Comptroller, International Banking & Finance, (202) 874-4730; Raija Bettauer, Counselor for International Activities, (202) 874-0680; or Saumya R. Bhavsar, Attorney, Legislative and Regulatory Activities, (202) 874-5090.

#### SUPPLEMENTARY INFORMATION:

##### Background

The International Lending Supervision Act of 1983 (ILSA), 12 U.S.C. 3901 *et seq.*, requires each Federal banking agency to evaluate the foreign country exposure and transfer risk of banks within its jurisdiction for

use in the examination and supervision of these banks. To implement this provision, the Federal banking agencies, through the Interagency Country Exposure Review Committee (ICERC), assess and categorize countries based on economic, social, and political conditions that may lead to increased transfer risk. "Transfer risk" arises from an obligor's inability to perform on its debt obligations using the agreed-upon currency due to the actions of the government that controls that currency. These actions include instances where a country is unable or unwilling to provide the necessary foreign exchange, because of, for example, a balance of trade deficit or currency restrictions.

In addition, ILSA directs each Federal banking agency to require banks to establish and maintain a special reserve whenever the agency determines either that the quality of a bank's international assets (*i.e.*, those assets included on a bank's Country Exposure Report, form FFIEC 009) has been impaired by the protracted inability of public or private borrowers in a foreign country to make payments on their external indebtedness, or that there are no definite prospects for the orderly restoration of debt service. 12 U.S.C. 3904(a)(1). ILSA also requires that these reserves be charged against current income and not considered as part of capital and surplus or allowances for possible loan losses. 12 U.S.C. 3904(a)(2).

Subpart C of 12 CFR part 28 implements ILSA and requires national banks and District of Columbia banks to establish reserves, referred to as allocated transfer risk reserves (ATRR), against potential losses on banks' foreign loans due to certain countries' transfer risk. Subpart C also sets forth the accounting treatment for various fees received by banks when making international loans and contains explicit requirements for the reporting and disclosure of international assets.

On July 5, 1995 (60 FR 34907), the OCC published proposed changes to 12 CFR parts 20 and 28, which set out the OCC's rules governing the international operations of domestic branches and Federal branches and agencies of foreign banks. The proposed changes included substantive modifications to part 28 and a consolidation of all the provisions relating to international banking that were previously contained in parts 20 and 28 into one CFR part, part 28. These proposed changes were part of the OCC's Regulation Review Program to update and streamline regulations and to eliminate requirements that impose inefficient and costly regulatory burdens on national banks. At that time the OCC

did not propose changes to subpart C of part 28 but invited public comment on subpart C in order to bring to the OCC's attention issues that could warrant consideration in a subsequent rulemaking.

On May 2, 1996 (61 FR 19524), the OCC published a final rule on part 28. In the preamble to the final rule, the OCC noted that it had received one comment on subpart C of part 28 and that the commenter recommended that the accounting provisions be amended to be uniform among the Federal banking agencies and consistent with GAAP. In response, the OCC stated in the preamble that it would address the issue raised by the commenter after further review of the rules in question.

For the reasons discussed below, the OCC is proposing to amend subpart C consistent with the commenter's suggestion. This proposal does not, however, amend the other two substantive provisions in subpart C dealing with the ATRR and reporting and disclosure of international assets. The OCC invites comment on any aspect of this proposal.

#### Discussion of Proposal

##### *Accounting Treatment for Fees on International Loans (§ 28.53)*

Current § 28.53 provides a lengthy discussion on the separate accounting treatment for each type of fee charged by banks in connection with their international lending. This proposal revises that section by replacing the discussion of the accounting treatment with a statement that banks are to account for fees on international loans in accordance with GAAP.

ILSA requires the Federal banking agencies to issue regulations for accounting for fees charged by banks in connection with international loans. (12 U.S.C. 3905(a)(2)(A)). In order to avoid excessive debt service burden on debtor countries, section 906(a) of ILSA (12 U.S.C. 3905(a)) prohibits a bank, in connection with restructuring an international loan, from charging fees in an amount that exceeds the administrative costs of restructuring the loan, unless the fee is amortized over the life of the loan. Section 906(b) of ILSA (12 U.S.C. 3905(b)) requires the Federal banking agencies to issue regulations prescribing the accounting treatment for agency, commitment, management, and other fees in connection with international loans to assure that the appropriate portion of such fees is accrued in income over the effective life of each such loan.

When ILSA was enacted in 1983 and the Federal banking agencies' final rule