inspection in the Public Reference Room.

David P. Boergers,

Secretary.

[FR Doc. 98–25382 Filed 9–22–98; 8:45 am] BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. EC98-63-000]

MidAmerican Energy Company and MidAmerican Energy Holdings Company; Notice of Application for Approval of Merger

September 17, 1998.

Take notice that on September 14, 1998, MidAmerican Energy Company and MidAmerican Energy Holdings Company (MidAmerican Holdings) tendered for filing an application pursuant to Section 203 of the Federal Power Act and Part 33 of the Regulations of the Federal Energy Regulatory Commission for an order authorizing and approving the merger of MidAmerican Holdings and CalEnergy Company, Inc. (the Merger). Applicants have requested Commission approval of the Merger by the end of 1998.

Pursuant to the terms of the Agreement and Plan of Merger dated as of August 11, 1998, MidAmerican Holdings will merge with and into a special purpose, wholly-owned subsidiary of CalEnergy, MAVH, Inc., which is an Iowa corporation, with MidAmerican Holdings to be the surviving corporation. Each issued and outstanding share of MidAmerican Holdings will be cancelled upon consummation of the Merger and converted to the right of the holder thereof to receive \$27.15. Each share of MAVH, Inc. will be converted into one share of the surviving corporation, MidAmerican Holdings. As a result of the Merger, MidAmerican Holdings will become a wholly-owned subsidiary of CalEnergy, which, immediately prior to the Merger, will reincorporate in the State of Iowa and be renamed MidAmerican Energy Holdings

Any person desiring to be heard or to protest such 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 385.214). All such motions and protests should be filed on or before November 16, 1998. Protests will be considered by

the Commission to determine the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. 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.

David P. Boergers,

Secretary.

[FR Doc. 98–25375 Filed 9–22–98; 8:45 am] BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RP98-386-001]

Northern Natural Gas Company; Notice of Compliance Filing

September 17, 1998.

Take notice that on September 14, 1998, Northern Natural Gas Company (Northern), filed in compliance with the Commission's letter, requesting working papers to support the Gas Supply Realignment Reverse Auction Tracker Unrecovered balance and corresponding carrying charges.

Northern states that copies of the filing were served upon Northern's customers and interested State Commission.

Any person desiring to protest this filing should file a protest with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, in accordance with Section 385.211 of the Commission's Rules and Regulations. All such protests must be filed on or before September 24, 1998. 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 proceedings. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

David P. Boergers,

Secretary.

[FR Doc. 98–25380 Filed 9–22–98; 8:45 am]

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. PR95-9-000 and PR95-9-001]

Three Rivers Pipeline Company; Order Approving Settlement and Instituting Proceeding

Issued September 17, 1998.

On August 17, 1995, Three Rivers Pipeline Company (Three Rivers) filed an uncontested settlement of its rates for transportation service rendered under § 311(a)(2) of the Natural Gas Policy Act of 1978 (NGPA). Subsequently, staff sent Three Rivers data requests concerning its transportation services and jurisdictional status. Based on our review of the settlement and the record in this proceeding, the Commission finds that the settlement is a reasonable resolution of the issues concerning Three Rivers' rates in effect between April 1, 1995, and the issuance of any future order approving superseding rates based on the outcome of the proceeding instituted by this order. The Commission also finds, however, that Three Rivers should be required to explain why the Commission should not find Three Rivers to be an interstate pipeline subject to the Commission's Natural Gas Act (NGA) jurisdiction. In the alternative, Three Rivers may produce evidence that it qualifies as a "Hinshaw pipeline" exempt from Commission jurisdiction under the provisions of section 1(c) of the Natural Gas Act.

I. Background and Related Proceedings

A. Facilities

In 1946, Mobil Oil Company (Mobil) constructed a 300-mile long, 8-inch diameter oil-products pipeline extending from southwest Pennsylvania, at Midland, to the border of New Jersey. Mobil currently uses its pipeline east of Altoona, Pennsylvania, for the transportation of oil products. On August 29, 1991, Three Rivers purchased approximately 121 miles of Mobil's oil-products pipeline extending from Midland to Altoona in order to render natural gas service. Three Rivers, then owned by subsidiaries of GEMCO Gas Marketing, Inc. and Pentex Petroleum, Inc., converted the oil products pipeline to natural gas use. Subsequently, Three Rivers added compression on the eastern portion of its system, main line valves, and interconnections with National Fuel Gas Supply (National Fuel) at the Midland receipt point, and delivery points at downstream locations in Pennsylvania

with Columbia Transmission Corp. (Columbia), ¹ Texas Eastern Transmission Corp. (Texas Eastern), and Peoples Natural Gas (Co. (Peoples), a local distribution company, at McKeesport, Rager Mt., and Altoona, Pennsylvania. Three Rivers' system design capacity is 30,000 MMBtu/d, and its annual system design capacity is 10,950,000 MMBtu.

On November 23, 1993, Parker & Paisley Gas Processing Co. purchased Three Rivers and certain producing properties, all of which were subsequently sold to Costilla Energy Inc. (Costilla). On January 1, 1997, Costilla sold Three Rivers to Equitable Resources, Inc. (Equitable), Three Rivers' current owner. Equitable purchased Three Rivers because of Three Rivers' ability to traverse major interstate pipelines serving the Northeast market and to access Appalachian gas supply through Equitrans, L.P., an affiliated interstate pipeline, which operates and manages Three Rivers.

B. Three Rivers' Services

1. Intrastate Transportation/Sales

Three Rivers states it commenced gas service on January 17, 1992, when it received intrastate (Pennsylvaniaproduced) gas from National Fuel and commenced firm intrastate bundled sales service to Peoples for its system supply. From January 17, through March 31, 1992, National Fuel delivered 396,595 MMBtu of Empire Production Co.'s (Empire) Pennsylvania production to Three Rivers for sale to Peoples. Empire's gas supply contract with Three Rivers was for a one year term. Three Rivers states that it has made no subsequent intrastate sales of Pennsylvania production.² During January, 1997, Three Rivers received 45,000 Dth of Pennsylvania production from National Fuel, which it transported for two intrastate transportation customers, Howard Energy and Atlas Gas Marketing.3

2. Interstate Transportation

On April 1, 1992, Three Rivers, considering itself to be an intrastate pipeline not regulated by the Pennsylvania Public Service Commission, commenced interstate transportation service on an interruptible basis on behalf of National

Fuel pursuant to NGPA § 311(a)(2).⁴ Three Rivers transported under NGPA § 311(a)(2) 456,876 MMBtu in 1994; 2,313,284 MMBtu in 1995; 1,930,673 MMBtu in 1996; and 3,336,983 MMBtu in 1997. Three Rivers currently receives all of this gas from National Fuel near Midland, pursuant to NGPA § 311(a)(2) and 18 CFR § 284.122, and transports the gas on a firm and interruptible basis for interstate shippers, such as National Gas Clearinghouse, Carnegie Natural Gas Co., and Duke Energy, for delivery at interconnections with Texas Eastern and Columbia.⁵

Three Rivers also purchases interstate gas from marketers for sale to Peoples. For example, between February and November, 1994, Three Rivers purchased interstate volumes from Meridian Marketing and Transportation Corp., which volumes Three Rivers resold to Peoples in unregulated sales for delivery at McKeesport.⁶

C. Part 284 Rate Proceedings

On January 28, 1992, Three Rivers filed a petition for rate approval in Docket No. PR92-9-000 for interruptible transportation service under NGPA § 311(a)(2) to become effective on April 1, 1992. On May 12, 1992, the Secretary of the Commission issued a letter order approving a settlement in Three Rivers' last rate proceeding authorizing Three Rivers to charge, effective April 1, 1992, a maximum interruptible transportation rate of \$0.284 cents per MMBtu plus a maximum 2.5 percent fuel charge. The settlement required Three Rivers to file an application for rate approval on or before April 1, 1995, to justify the current systemwide rate or to establish a new systemwide rate.

On April 3, 1995, Three Rivers filed a petition for rate approval in Docket No. PR95–9–000 for authorization to charge, effective April 1, 1995, a maximum interruptible transportation rate of \$0.2374 per MMBtu, a firm demand rate of \$4.0514 per MMBtu, a maximum firm commodity charge of \$.1042 per MMBtu plus a maximum fuel charge of 2.5 percent. The Commission extended the time for acting on Three Rivers' petition, pursuant to 18 C.F.R.

§ 284.123(b)(2)(ii), to enable the Commission to determine whether the proposed rates are fair and equitable.⁸ Staff sent data requests to Three Rivers concerning its proposed rates. On June 2, 1995, Three Rivers responded to staff's data requests. Under the Part 284 regulations, Three Rivers is authorized to collect its proposed rates subject to refund upon the filing of its petition.

On August 17, 1995, Three Rivers filed an uncontested settlement that addressed staff's concerns. The settlement would authorize a maximum interruptible rate of \$0.1648 per MMBtu, a firm demand rate of \$3.08 per MMBtu, a maximum firm commodity charge of \$.0635, and a maximum fuel charge of .9 percent. Under the settlement, Three Rivers agreed to refund, with interest, amounts previously collected above settlement rates. Three Rivers agreed to file, on or before April 1, 1998, an application for rate approval pursuant to 18 C.F.R. § 284.123(b)(2) to justify the current systemwide rate or to establish a new systemwide rate. Three Rivers did not file the required rate application because of the pendency of its settlement.

Discussion

A. Rate Settlement

The Commission's Part 284 regulations (Subpart C) require an intrastate pipeline to apply for Commission approval of its proposed Part 284 rates by filing its rates and information showing that the proposed rates are fair and equitable. On August 17, 1995, Three Rivers filed an uncontested settlement that purports to establish fair and equitable rates for interruptible and firm transportation by Three Rivers under NGPA § 311(a)(2), effective on April 1, 1995.

The settlement rates are based on calendar year 1994 costs, and volumes are based on design capacity. The projected throughput, proposed by Three Rivers, will place the burden of underutilization on Three Rivers. The settlement rates are less than the filed rates, and Three Rivers agrees in the settlement to refund the excess and to file a refund report with the Commission. No customer protests the settlement, which we find reflects a reasonable resolution of the issues raised. We find that Three Rivers proposed settlement rates in Docket No. PR95-9-000 are fair and equitable for Part 284 services rendered between April 1, 1995, and any future

¹ On January 1, 1995, Three Rivers converted its interconnection with Columbia from a receipt point to a delivery point.

² Data responses (filed April 15, 1998).

³ Data responses (filed April 15, 1998).

⁴ NPA § 2(16) defines an intrastate pipeline as any person engaged in natural gas transportation (not including gathering) which is not subject to the jurisdiction of the Commission under the Natural Gas Act (other than any such pipeline which is not subject to the jurisdiction of the Commission solely by reason of section 1(c) of the Natural Gas Act).

⁵Three Rivers annually reports, pursuant to 18 C.F.R. § 284.126(b), the identity and volumes transported under NGPA § 311(a)(2).

⁶ Data responses (filed October 10, 1995).

⁷ See Three Rivers Pipeline Co., 59 FERC ¶61,181 (1992) (NGPA § 311(a)(2) rate settlement approved).

 $^{^8\,\}text{Three}$ Rivers Pipeline Co., 72 FERC § 61,107 (1995).

^{9 18} C.F.R. § 284.123(b)(2)(I).

Commission order approving superseding rates based on the outcome of the proceeding instituted by this order. The proceeding does not affect the propriety of Three Rivers' rendition of Part 284 services or collection of Part 284 rates from April 1, 1995 until a future order of the Commission. The settlement is approved subject to one clarification.

Article II(A)2 of the settlement requires Three Rivers to have filed, by April 1, 1998, a petition for rate approval pursuant to 18 C.F.R. § 284.123(b)(2) to justify its settlement rates or to propose new Part 284 rates. As noted, Three Rivers did not make the required rate filing because of the pendency of its settlement. The outcome of this order's proceeding on Three Rivers' jurisdictional status could affect the rate design and thus the level of Three Rivers' transportation rates. Accordingly, Article II(A)(2) is clarified to defer the settlement's requirement that Three Rivers file a new petition for approval of Part 284 rates, subject to the outcome of the proceeding.

B. Requirement for Further Proceeding

Three Rivers' pending rate settlement and the Secretary's letter order approving Three Rivers' last rate settlement assume that Three Rivers is an intrastate pipeline. While no intervenor in Three River's pending rate proceeding disputed Three Rivers' status as an intrastate pipeline, Three Rivers' responses to staff's data requests suggest that Three Rivers transports natural gas exclusively in interstate commerce under NGPA § 311(a)(2). Thus, Three Rivers' interstate transportation activities require us to scrutinize its status as an intrastate pipeline and to raise the issue whether Three Rivers has made itself subject to the Commission's NGA jurisdiction. If a bona fide intrastate pipeline, Three Rivers may continue to provide transportation service pursuant to NGPA § 311(a)(2) subject to the Commission's regulation of Part 284 rates, but exempt from the Commission's NGA jurisdiction. 10 Or, if Three Rivers is a Hinshaw Pipeline that is regulated by the Pennsylvania Public Utilities Commission it would be exempt from Commission regulation pursuant to section 1(c) of the NGA.¹¹ In such a case, however, Three Rivers would be required to file an application for a certificate under section 284.224,

18 C.F.R. § 284.224, of the Commission's regulations to conduct its interstate services. If Three Rivers is not exempt from the Commission's NGA jurisdiction as a bona fide intrastate pipeline, local gas distributor, or Hinshaw, Three Rivers would be subject to NGA §§ 4, 5, and 7 as an interstate pipeline.

Before an intrastate pipeline is eligible to provide open access transportation under NGPA § 311(a)(2) on behalf of an interstate pipeline, it must first be a bona fide intrastate pipeline.12 The Commission looks to all the facts and circumstances of a particular case to determine if the pipeline is eligible to offer interstate services under NGPA § 311. Essentially, an intrastate pipeline rendering intrastate service is constructed within the borders of one state and delivers gas produced in the same state to end-users or an LDC to be consumed within the same state.

Based upon Three Rivers' data responses, Three Rivers has primarily transported out-of-state gas in interstate commerce and has not functioned predominately as an intrastate pipeline exempt from the Commission's NGA jurisdiction. Nor does it appear that Three Rivers provides local gas distribution service. To date Three Rivers has not represented that it qualifies for a Hinshaw exemption. Three Rivers states that it currently receives out-of-state gas, some volumes purchased for its system supply resale, and consumption in Pennsylvania and the rest transported and delivered to interconnecting pipelines for further transportation out-of-state in interstate commerce. Thus, in both situations, Three Rivers engages in interstate commerce because it receives out-ofstate gas delivered by National Fuel operating in interstate commerce. The interstate nature of Three Rivers' operations is further supported by the fact that Three Rivers has added interconnections with Columbia and Texas Eastern to move gas owned by others beyond Three Rivers's system further downstream in interstate

Three Rivers sold and delivered 396,595 MMBtu of exclusively Pennsylvania production to Peoples from the commencement of operations on January 17, 1992, until April 1, 1992, when Three Rivers because an open access transporter under NGPA § 311(a)(2). În 1994, Three Rivers sold Peoples 1,491,467 MMBtu of interstate volumes purchased by Three Rivers from a marketer, delivered by National Fuel to Three Rivers, and commingled with the interstate gas stream. There is no indication in the record, however, that Three Rivers continues to purchase Pennsylvania production for resale to Peoples. 13 In its April 15, 1998 data responses, Three Rivers identifies 45,000 Dth of intrastate transportation of Pennsylvania gas in January 1997 as the only intrastate service provided by Three Rivers since 1995. Yet Three Rivers data responses indicate that it receives out-of-state natural gas prior to transporting that gas to Columbia and Texas Eastern for delivery out of Pennsylvania.

Three Rivers may be an interstate pipeline based on the apparent absence of any ongoing intrastate transportation service and its current receipt of exclusively out-of-state volumes from National Fuel for delivery to Pennsylvania customers and interconnection jurisdictional pipelines.

Three Rivers was sold and acquired several times since its conversion in 1991 to natural gas service. Neither Three Rivers nor its owners/transferees sought NGA § 7 authorization to acquire operate, or abandon Three Rivers, because it appears that they assumed that Three Rivers was an intrastate pipeline not regulated by the Commission. 14

The regulatory purpose of the NGA of ensuring consumers access to an adequate supply of gas at a reasonable price may have been frustrated because Three Rivers has not had to comply with Order No. 636. If Three Rivers were found to operate as an interstate pipeline, Three Rivers would be subject to §§ 4, 5, and 7 of the NGA, and Three Rivers would be required to file initial rates and to comply with Order No. 636, including the filing of a *pr forma* FERC tariff stating its terms and conditions of service, and GISB requirements.

 $^{^{10}\,18}$ C.F.R. § 284.123 and 18 C.F.R. § 284.3(a).

¹¹Midcoast Ventures I, order granting interventions and issuing certificates, 62 FERC ¶61,029 (1992); order disclaiming jurisdiction and terminating proceedings, 66 FERC ¶61,285 (1994) (Midcoast).

 $^{^{12}}$ In Midcoast Ventures I, 61 FERC ¶ 61,029 at p. 61,158 (1992), the Commission stated that it has never ruled that a company could qualify as an intrastate pipeline without doing any intrastate business in the state where it claims intrastate status * * * The service provided by Midcoast's facilities in Kansas is intrinsically interstate in character, since the sole service performed on these facilities is the transportation of gas from another interstate pipeline [Williams Natural Gas Co] to an end-user.

 $^{^{13}}$ Data responses (filed October 10, 1995 and April 15, 1998).

¹⁴ In a similar situation, the Commission required certification to operate existing interstate storage and connecting pipeline facilities, previously constructed under NGPA § 311, where there were no intrastate customers and the facilities only provided interstate storage services to and from several interstate pipeline systems. See Egan Hub Partners, L.P., 72 FERC ¶61,224 (1995), order on show cause, 73 FERC ¶61,334 (1995), and order denying stay, 74 FERC ¶61,021 (1996). See also Petal Gas Storage Co., 64 FERC ¶61,190 (1993), as amended, 67 FERC ¶61,135 (1994).

Accordingly, for these reasons, the Commission is instituting a proceeding pursuant to NGA §§ 5, 7, and 16. The Commission is requiring Three Rivers, within 30 days after the issuance of this order, to establish why the Commission should not find it to be an interstate pipeline subject to the Commission's NGA jurisdiction.

The Commission Orders

- (A) Three Rivers' settlement in Docket No. PR95–9–001 is approved, as clarified.
- (B) Three Rivers is directed to make refunds to its customers, within 30 days after the issuance of this order, and to file a refund report, consistent with its settlement.
- (C) A proceeding is institute concerning Three Rivers' transportation services and operations. Within 30 days after the issuance of this order, Three Rivers is directed to provide evidence concerning its jurisdictional status as discussed in the body of this order.
- (C) Notice of this proceeding will be published in the **Federal Register**. Interested persons will have 20 days from the date of publication to intervene.

By the Commission.

David P. Boergers,

Secretary.

[FR Doc. 98–25374 Filed 9–22–98; 8:45 am] BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Notice of Non-Project Use of Project Lands and Waters

September 17, 1998.

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

- a. Type of Application: Non-Project Use of Project lands and Waters.
- b. Project Name: Catawba-Wateree Project.
- c. Project No.: FERC Project No. 2232-
- d. Date Filed: July 28, 1998.
- e. Applicant: Duke Energy Corporation.
- f. Location: Mecklenburg County, North Carolina On Lake Norman.
- g. Filed pursuant to: Federal Power Act, 16 U.S.C. 791(a)–825(r).
- h. Applicant Contact: Mr. E.M. Oakley, Duke Energy Corporation, P.O. Box 1006 (EC12Y), Charlotte, NC 28201–1006, (704) 382–5778.
- *i. FERC Contact:* Brian Romanek, (202) 219–3076.

j. Comment Date: OCTOBER 30, 1998.

K. Description of the filing: Duke Energy Corporation proposes to lease to Spinnaker Point Bay Marina Homeowners Association, Inc. (Spinnaker Bay) a 0.27 acre parcel of project land for the construction of a commercial/residential marina with a total of 10 boat slips on Lake Norman. The marina would provide access to the reservoir for residents of Spinnaker Bay.

- 1. This notice also consists of the following standard paragraphs: B, C1, D2.
- B. Comments, Protests, or Motions to Intervene—Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.
- C1. Filing and Service of Responsive Documents—Any filings must bear in all capital letters the title "COMMENTS",
- "RECOMMENDATIONS FOR TERMS AND CONDITIONS", "PROTESTS" OR "MOTION TO INTERVENE", as applicable, and the Project Number of the particular application to which the filing refers. Any of the above-named documents must be filed by providing the original and the number of copies provided by the Commission's regulations to: The Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. A copy of any motion to intervene must also be served upon each representative of the Applicant specified in the particular application.
- D2. Agency Comments—Federal, state, and local agencies are invited to file comments on the described application. A copy of the application may be obtained by agencies directly from the Applicant. If an agency does not file comments within the time specified for filing comments, it will be presumed to have no comments. One copy of any agency's comments must also be sent to the Applicant's representatives.

David P. Boergers,

Secretary.

[FR Doc. 98–25377 Filed 9–22–98; 8:45 am] BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Notice of Non-Project Use of Project Lands and Waters

September 17, 1998.

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a. Type of Application: Non-Project Use of Project Lands and Waters.

b. *Project Name:* Catawba-Wateree Project.

- c. Project No.: FERC Project No. 2232–371.
- d. Date Filed: August 18, 1998.
- e. *Applicant:* Duke Energy Corporation.
- f. *Location:* Iredell County, North Carolina On Lake Norman.
- g. *Filed pursuant to:* Federal Power Act, 16 U.S.C. 791(a)–825(r).
- h. *Applicant Contact:* Mr. E.M. Oakley, Duke Energy Corporation, P.O. Box 1006 (EC12Y), Charlotte, NC 28201–1006, (704) 382–5778.
- i. *FERC Contact:* Brian Romanek, (202) 219–3076.
- j. Comment Date: October 30, 1998.
- k. Description of the filing: Duke Energy Corporation proposes to lease to Pinnacle Shores South Homeowners Association, Inc. (Pinnacle Shores) a 0.376 acre special of project land for the construction of a commercial/residential marina with a total of 12 boat slips on Lake Norman. Duke also proposes to allow Pinnacle Shores to remove about 1400 cubic yards of accumulated sediment from the lake bottom within this leased area to accommodate boat navigation. The marina would provide access to the reservoir for residents of Pinnacle Shores.
- l. This notice also consists of the following standard paragraphs: B, C1, D2
- B. Comments, Protests, or Motions to Intervene—Anyone may submit comments, a protest, or a motion to intervene to accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.
- C1. Filing and Service of Responsive Documents—Any filings must bear in