population models to evaluate anthropogenic effects, population trends, and define a recovering or steady-state population.

NMFS-SWR (1190) requests a 5-year scientific research permit to take up to 150 loggerhead, 10 green, 10 hawksbill, 25 leatherback, and 10 olive ridley sea turtles annually in the Pacific Basin for the purpose of determining take rates of sea turtles taken incidental to the Hawaiian longline fishery, and to determine the fate of sea turtles released alive after incidental capture. Trained observers may weigh, measure, flipper tag, satellite tag, tissue sample, blood sample, stomach lavage, and release sea turtles taken incidental to the Hawaiian longline fishery. This is a continuation of work permitted under scientific research permit 924, which expires on February 28, 1999.

Dated: December 28, 1998.

Margaret Lorenz,

Acting Chief, Endangered Species Division, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 98–34797 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–22–F

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Extension of Temporary Amendment to the Requirements for Participating in the Special Access Program for Caribbean Basin Countries; Correction

December 24, 1998.

In the document published in the **Federal Register** on December 18, 1998 (63 FR 70112), make the following corrections:

1. In the notice, 2nd column, first full paragraph, 9th line, correct ''Categories 433, 443, 633 and 643'' to read ''Categories 433, 435, 443, 444, 633, 635, 643 and 644.''

2. In the letter to the Commissioner of Customs, 3rd column, 2nd paragraph, 10th line, correct ''Categories 433, 443, 633 and 643'' to read ''Categories 433, 435, 443, 444, 633, 635, 643 and 644.''

Troy H. Cribb,

Chairman, Committee for the Implementation of Textile Agreements.

[FR Doc. 98–34781 Filed 12–31–98; 8:45 am]

BILLING CODE 3510–DR–F

COMMODITY FUTURES TRADING COMMISSION

Applications of the New York Futures Exchange for Designation as a Contract Market in Russell 1,000 Large Index Futures and Russell 1,000 Index Futures Options

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of availability of the terms and conditions of proposed commodity futures and option contracts.

SUMMARY: The New York Futures Exchange (NYFE or Exchange) has applied for designation as a contract market in Russell 1,000 Large Index futures and Russell 1,000 Index options. The Acting Director of the Division of Economic Analysis (Division) of the Commission, acting pursuant to the authority delegated by Commission Regulation 140.96, has determined that publication of the proposals for comment is in the public interest, will assist the Commission in considering the views of interested persons, and is consistent with the purpose of the Commodity Exchange Act.

DATES: Comments must be received on or before January 19, 1999.

ADDRESSES: Interested persons should submit their views and comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581. In addition, comments may be sent by facsimile transmission to facsimile number (202) 418–5521, or by electronic mail to secretary@cftc.gov. Reference should be made to the proposed NYFE Russell 1,000 Index contracts.

FOR FURTHER INFORMATION CONTACT: Please contact Thomas Leahy of the Division of Economic Analysis, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581, telephone (202) 418–5278. Facsimile number: (202) 418–5527. Electronic mail: tleahy@cftc.gov.

SUPPLEMENTARY INFORMATION: There are no substantive issues raised by the applications, since contracts having similar terms have been approved based on the Russell indexes. In this regard, the proposed Russell 1,000 Index option contract is an option on the previously approved NYFE Russell 1,000 Index futures contract, and the proposed Large Russell 1,000 index futures contract is identical (except for the contract size) to that previously approved contract. In approving the existing NYFE Russell 1,000 futures index contract, the Commission determined that it satisfied the requirements of the Accord. Accordingly, the Division believes that an abbreviated 15-day comment period is appropriate for the subject applications.

Copies of the terms and conditions will be available for inspection at the Office of the Secretariat, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581. Copies of the terms and conditions can be obtained through the Office of the Secretariat by mail at the above address or by phone at (202) 418–5100.

Other materials submitted by the NYFE in support of the applications for contract market designation may be available upon request pursuant to the Freedom of Information Act (5 U.S.C. 552) and the Commission's regulations thereunder (17 CFR Part 145 (1997)), except to the extent they are entitled to confidential treatment as set forth in 17 CFR 145.5 and 145.9. Requests for copies of such materials should be made to the FOI, Privacy and Sunshine Act Compliance Staff of the Office of the Secretariat at the Commission's headquarters in accordance with 17 CFR 145.7 and 145.8.

Any person interested in submitting written data, views, or arguments on the proposed terms and conditions, or with respect to other materials submitted by the NYFE, should send such comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 21st Street NW, Washington, DC 20581 by the specified date.

Issued in Washington, DC, on December 28, 1998.

John Mielke,

Acting Director.

[FR Doc. 98–34731 Filed 12–31–98; 8:45 am]

BILLING CODE 6351–01–M

DEPARTMENT OF ENERGY

Bonneville Power Administration

Power Subscription Strategy

AGENCY: Bonneville Power Administration (BPA), Department of Energy (DOE).

ACTION: Notice of Record of Decision (ROD).

SUMMARY: The Bonneville Power Administration (BPA) has decided to adopt a Power Subscription Strategy for entering into new power sales contracts with its Pacific Northwest customers. The Strategy equitably distributes the

electric power generated by the Federal Columbia River Power System (FCRPS), within the framework of existing law. The Power Subscription Strategy addresses the availability of power; describes power products; lays out strategies for pricing, including risk management; and discusses contract elements. In proceeding with this Subscription Strategy, BPA is guided by and committed to the ''Fish and Wildlife Funding Principles for Bonneville Power Administration Rates and Contracts'' (Fish and Wildlife Funding Principles) that were announced by the Vice President of the United States in September 1998. This decision is a direct application of BPA's earlier decision to use a Market-Driven approach for participation in the increasingly competitive electric power market and is consistent with BPA's Business Plan, the Business Plan Environmental Impact Statement (BP EIS) (DOE/EIS–0183, June 1995) and the Business Plan Record of Decision (BP ROD) (August 15, 1995). The complete text of the Power Subscription Strategy ROD is below in the Supplementary Information section of this Notice.

ADDRESSES: Additional copies of this ROD, and of the BP EIS and the BP ROD, may be obtained by calling BPA's toll-free document request line: 1–800–622–4520.

FOR FURTHER INFORMATION CONTACT: Katherine Pierce—ECP–4, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon, 97208–3621, phone number (503) 230–3962, fax number (503) 230–5699.

SUPPLEMENTARY INFORMATION: In response to a need for sound policy to guide its business direction under changing market conditions, BPA explored six alternative plans of action in its BP EIS. The six alternatives were: Status Quo (No Action), BPA Influence, Market-Driven, Maximize Financial Returns, Minimal BPA, and Short-Term Marketing. In the subsequent BP ROD, the BPA Administrator selected the Market-Driven alternative. Although the Status Quo and the BPA Influence alternatives were the environmentally preferred alternatives, the differences in total environmental impacts among alternatives were relatively small. Other business aspects, including loads and rates, showed greater variation among the alternatives. The Market-Driven alternative strikes a balance between marketing and environmental concerns. It also helps BPA to ensure the financial strength necessary to maintain a high level of support for public service benefits such as energy conservation and fish and wildlife mitigation activities.

The BP EIS was intended to support a number of decisions (BP EIS, section 1.4.2), including the:

• Products and services BPA will market,

• Rates for BPA products and services to be implemented in future rate cases,

• Strategy BPA will use to administer its fish and wildlife responsibilities,

• Policy direction for BPA's sale of power products to customers, and,

• Contract terms BPA will offer for power sales.

The BP EIS and ROD also documented a decision strategy for subsequent actions. BPA's Power Subscription Strategy is one of these subsequent actions and the subject of this tiered ROD (BP EIS, section 1.4.1 and BP ROD, page 1). Tiering subsequent RODs to the BP ROD helps delineate BPA decisions and provides a logical framework for connecting broad programmatic or policy level decisions to more specific actions (see Figure 1—not included in this Notice). BPA reviewed the BP EIS to ensure that power Subscription was adequately covered within its scope and that it was appropriate to issue a tiered ROD (BP EIS, section 1.4.2). This tiered ROD, which summarizes and incorporates information from the BP ROD, clearly demonstrates this decision is within the scope of the BP EIS and ROD. This ROD describes specific information applicable to the decision on BPA's Power Subscription Strategy, and provides a summary of the environmental impacts associated with this decision with reference to the appropriate sections of the BP EIS and BP ROD. BPA will also issue an Administrative ROD describing the legal and policy rationale supporting the administrative decisions made in the Final Power Subscription Strategy.

Competitiveness in the Electric Utility Industry

BPA supplies about 40 percent of the Pacific Northwest's electricity and about 75 percent of the region's high-voltage transmission. Although it is a Federal agency, BPA does not receive tax money. It must cover all its costs with revenues earned in the market. From these revenues, BPA funds public benefits, such as fish and wildlife, conservation, and renewable energy programs. It also uses its revenues to meet its repayment obligations to the United States Treasury (Treasury) on the Federal investment in the region's hydroelectric dams and the transmission lines.

The electric utility industry is increasingly competitive and dynamic. Four factors have substantially affected BPA's ability to compete in a fully deregulated wholesale electricity market: market change, increased nonpower obligations, the potential deterioration of BPA's cost/price advantage, and lost hydro output. However, BPA must be able to balance its costs and revenues. The emergence of a competitive market for power creates supply choices for BPA customers and prevents BPA from meeting costs simply by raising rates. Expected firm prices set a power rate level, above which a rate increase would no longer increase BPA's revenue and cover BPA's costs. This level is defined as BPA's maximum sustainable revenue (MSR) (BP EIS, sections 1.1, 2.6.1, and 4.4.1).

Allowing BPA's rates to exceed this level would not be consistent with sound business principles. It would result in a reduction in BPA's total revenue and BPA's ability to fund public benefits. Power Subscription will facilitate BPA's ability to retain customers and successfully compete in the market for the long term.

Customers

BPA sells at the wholesale level to public agencies, other utilities, and to a few direct service industries (DSIs). Subscription contracts will be available to BPA's public agency preference customers, Federal agencies, investor-owned utilities (IOUs) and DSIs.

• *Preference customers*—Public utility districts, municipalities, and cooperatives to which, by law, BPA must give preference for Federal power. These customers include utilities without power generation that rely on BPA for all or nearly all of their wholesale power needs, and those with generation that meet some of their load with non-Federal resources.

• *Federal agency customers*—Those Federal agencies in the Pacific Northwest that buy most of their electricity directly from BPA. Customers include Fairchild Air Force Base and the U.S. Department of Energy (DOE), Richland Operations Office.

• *IOUs*—Private, investor-owned utilities. Under the Residential Exchange Program, as defined by the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), regional IOUs have historically ''sold'' BPA an amount of power equal to their residential and small farm load at a price equal to their average system cost. In exchange, BPA has sold them an equal amount of power at the Priority Firm (PF) Exchange rate.

The benefits of this financial transaction have been passed on to their residential and small farm customers in the form of lower retail rates. BPA's Subscription Strategy proposes to offer IOUs a settlement of the Residential Exchange Program comprised of a sale of power and the payment of monetary benefits.

• *DSIs*—Large industries, primarily aluminum smelters, that buy electric power directly from BPA at relatively high voltages.

Under the Power Subscription Strategy, all customers serving regional firm load are eligible to purchase firm power within the constraints of existing statutes.

Public Process

As shown in Figure 1 (not included in this Notice), public process is integral to BPA's decisionmaking. With the changing marketplace for electric power, there is considerable regional interest in defining how and to whom the region's Federal power should be sold. The public has been involved at several levels during the development of BPA's Power Subscription Strategy. In addition to the public meetings held specifically on Subscription, BPA sought input from a wide range of interested and affected groups and individuals. BPA collaborated with Northwest Tribes, interest groups, Congressional members, DOE, the Administration, and customers to resolve issues, understand commercial interests, and develop strong business relationships.

The concept of power Subscription came from the Comprehensive Review of the Northwest Energy System, which was convened by the governors of Idaho, Montana, Oregon, and Washington to assist the Northwest through the transition to competitive electricity markets. The goal of the review was to develop recommendations for changes in the region's electric utility industry through an open public process involving a broad cross-section of regional interests. In December 1996, after over a year of intense study, the Comprehensive Review Steering Committee released its Final Report.

The Final Report recommended that BPA capture and deliver the low-cost benefits of the Federal hydropower system to Northwest energy customers through a subscription-based system. Consistent with the new competitiveness in the electricity market, the goals for Federal power marketing were to: align the benefits and risks of access to Federal power, ensure BPA's repayment of the debt to the Treasury, deliver the low-cost benefits of the Federal hydropower system to Northwest energy customers, and retain the long-term benefits of the system for the region. In early 1997, the Governors' representatives formed a Transition Board to monitor, guide, and evaluate progress on these recommendations.

Also in early 1997, BPA and the Pacific Northwest Utilities Conference Committee (PNUCC) invited 2800 interested parties throughout the Pacific Northwest to help further define Subscription. The collaborative effort to design a Subscription process began with a public kickoff meeting on March 11, 1997. At this meeting, a BPA/customer design team presented a proposed work plan, including a description of the environmental coverage for Subscription. An important element of the work plan was the formation of a Subscription Work Group. The Work Group, which normally met twice a month (on the first and third Wednesdays) from March 1997 through September 1998, was open to the public. On average, 40–45 participants—representing customers, customer associations, Tribes, state governments, public interest groups, and BPA—attended. Three subgroups formed to more intensely pursue the resolution of issues involving business relationships, products and services, and implementation.

Over the past 18 months, BPA and its customers have discussed and clarified many Subscription issues. During this time, BPA and the public confirmed goals, defined issues, developed an implementation process for offering Subscription, and developed proposed product and pricing principles.

In addition to the March 1997 kick-off meeting, two other regional meetings were held specifically to ensure the public understood and had an opportunity to participate in the Subscription process. One meeting was held in December 1997 and the other in June 1998. In addition, BPA conducted a series of meetings around the region. These meetings, which were part of the public involvement process known as ''Issues '98,'' covered many regional subjects. Issues related to Subscription were key topics in the discussions at those meetings. The public comment period for Issues '98 closed June 26, 1998.

Late in the summer of 1998, after considering the efforts of the Subscription Work Group, public comments on Subscription, and the broad information from Issues '98, BPA developed a Power Subscription Strategy Proposal. BPA released its Power Subscription Strategy Proposal on September 18, 1998. The Proposal, which incorporated the information received from customers, Tribes, fish and wildlife interest groups, industries and other constituents, laid out BPA's strategy for retaining the benefits of the FCRPS for the Pacific Northwest after 2001. The public was invited to participate in two comment meetings: one in Spokane, Washington, on October 8; the other in Portland, Oregon, on October 14. The comment period closed October 23, 1998, although all comments received after that date were considered. To learn more about the issues addressed in BPA's Subscription Strategy Proposal, interested parties were also invited to BPA's Columbia River Power and Benefits Conference on September 29, 1998, in Portland, Oregon. Over 250 people attended.

Summary of Key Issues and Concerns

BPA received over 200 separate written comments from Tribes, States, utilities, industries, interest groups, and citizens. Most of the comments presented at the two public meetings were followed with formal written comments. Comments on BPA's Power Subscription Strategy Proposal totaled almost 600 pages. In general, comments were readily grouped by customer class or interest group. Many customers expressed concern over BPA's proposed risk management strategy, especially the potential level of financial reserves and the use of such reserves. Similarly, most customer groups also voiced concern about the details of a Cost Recovery Adjustment Clause (CRAC), including the levels and disposition of cash reserves. Also, most customers encouraged BPA to extend the Subscription ''window'' for three to six months beyond the final rate decisions.

A summary of key issues and concerns by customer class or interest group follows. The Administrative ROD provides a more detailed evaluation of comments by issue.

• *Preference customers*—In general, comments received from preference customers and their associations were supportive of the Proposal. However, these customers shared common concerns about preference and sales to other customer classes. Preference customers were adamant that BPA should avoid taking any actions that would impinge on their statutory right to preference and priority to Federal power. In urging BPA to extend the Subscription ''window,'' most of these customers cited the need to understand the rates before they could negotiate contracts and take the proposed contracts to their elected boards for discussion and final action. Most preference customers were opposed to tiered rates, noting they are entitled to BPA's lowest cost power.

Most preference customers did not object to BPA selling firm power to the IOUs in settlement of the Residential Exchange Program as long as all preference customer requests were met first. In contrast, the preference customers were not generally supportive of BPA reserving power for the DSIs. Much expressed concern that BPA might offer to sell surplus firm power to the DSIs ahead of offering such power to them.

In addition, there were a large number of comments on issues specific to individual or subgroups of public utilities. For example, comments from utilities with rural systems focused on BPA's low density discount (LDD) proposal while those dependent on general transfer agreements (GTAs) for their BPA service focused their comments on GTA-related proposals.

Also, some public utilities expressed concern that the range of costs for fish and wildlife was too high.

• IOUs—In general, the IOUs supported BPA's proposal to sell firm power, in combination with some monetary benefit, to settle the Residential Exchange Program. They also all urged BPA to make more power available to them and to offer as broad an array of products as possible to serve their residential and small farm loads. Some IOUs noted that residential exchange ''deemer'' balances should not affect proposed sales to them for residential and small farm customers.

The IOUs asked for greater assurance of rate comparability with the PF rate. Several asked for lower rates than Priority Firm, citing the advantage to the Federal system of the proposed flat block loads. The IOUs were unanimous that BPA is obligated to make final decisions regarding sales of power to individual IOUs rather than allowing the state utility commissions to make the final decisions. They also all pushed for a longer time period for Subscription, citing their contracting and regulatory processes.

Most of the IOUs supported BPA's proposal to tier rates. This support was based on the concept that marginal cost rates would prevent undue growth of the Federal power system. In fact, the IOUs were unanimous in recommending that BPA not ''grow the system'' by purchasing power to firm its nonfirm power, or otherwise increasing the size of the Federal Base System (FBS).

The IOUs commented that either no transmission surcharge should be considered or a surcharge should only apply to Federal power being wheeled. Some IOUs recommended that BPA allow delivery of non-Federal power under applicable GTAs.

• *DSIs*—The most significant issue for the DSIs was whether or not BPA would have any firm power available to them after serving preference customers and IOUs. Several of the DSIs were concerned that BPA might make final power ''allocation'' decisions, which would eliminate the possibility of power sales to them. They urged BPA to delay any final Subscription decisions until BPA was actually engaged in Subscription sales. They suggested BPA could then better judge what its actual sales to publics and IOUs would be and could better decide what level of system augmentation purchases were necessary and affordable. The DSIs also disagreed with BPA over BPA's legal authority under the Northwest Power Act section 5(b) to sell power to the IOUs for their residential and small farm customers. They recommended that BPA rely on the Northwest Power Act's section 5(c) statutory Residential Exchange program as the primary mechanism to extend benefits to the residential and small farm customers of IOUs.

The DSIs urged BPA not to declare that the inventory available for Subscription would be absolutely limited to 6300 average megawatts (aMW). Rather, they urged BPA to augment, or at least keep open the possibility of augmentation, the Federal power system and meld the costs into the existing FBS costs. As regional customers, they also asserted ''first call'' rights on any surplus Federal power before it could be sold outside of the region. Some DSIs expressed the view that BPA should give special policy consideration to the DSIs that had remained faithful customers during the first years of wholesale power deregulation.

In addition, some of the DSIs claimed that BPA's proposal to tier rates was not contemplated by the Northwest Power Act. Moreover, they noted that if such incremental pricing were to be adopted, it should be adopted across all classes of customers. Also, the DSIs commented that the range of fish and wildlife cost alternatives being considered was too high.

• *States*—The four Pacific Northwest state public utility commissions (PUCs) submitted joint comments. The PUCs encouraged greater sales to the IOUs and they recommended the Slice product be offered to IOUs for residential and small farm customers. The PUCs encouraged BPA to continue a full separation of power and transmission. They also suggested using a transmission surcharge only in an extreme emergency. The states believe BPA's power should reach market rates before any transmission surcharge is enacted.

The governors' offices strongly supported the positions taken by the PUCs. In addition, the Office of the Governor of Montana reminded BPA of Montana's deregulation legislation in encouraging BPA to ensure the residential and small farm customers of IOUs share in the power benefits of the Federal system.

• *Tribes*—Several Tribes conveyed their support for the Tribal Utility proposal, but expressed concern about the relatively short timeframe for planning and developing a Tribal Utility and about their lack of resources. Some Tribes also noted their concerns about the allocation of the benefits of the FCRPS.

• *Interest groups*—Public interest groups were generally supportive of BPA's proposal. They were largely unsympathetic to the DSIs plight and urged more power be sold to the IOUs' residential and small farm customers. Alone among commenters, they asked how BPA would cope with a major loss of resources. Some encouraged BPA to plan for the highest cost scenario for fish and wildlife funding; some asked BPA to drop the lowest cost scenario from consideration. The public interest groups were universally complimentary of a proposed conservation and renewable resource rate discount.

BPA also received letters from about 50 citizens—all of whom are served by Puget Sound Energy in Washington State—urging BPA to make Federal power available to them even though they are served by an IOU. Several members of the Washington State Legislature also commented similarly.

Relationship to Other Processes

Public input on BPA's Power Subscription Strategy Proposal revealed regional interest in several other key issues, notably future fish and wildlife funding and the 1999 Power Rate Case, facing BPA and the region. The tiered ROD strategy (Figure 1—not included in this Notice) supports the Power Subscription process being conducted simultaneously with other processes on these key issues. As anticipated in the BP EIS analysis, BPA has confirmed that prospective customers are not waiting until 2001 to arrange their 21st century power supply (BP EIS, section 1.1 and BP ROD, page 2). Instead, many are looking for sellers who can offer them low, stable, long-term rates now. By offering competitively priced power in a timely fashion, BPA will be able to retain customers and corresponding revenue. Without sufficient revenue, BPA would be unable to guarantee full funding for its many responsibilities, including conservation, fish and wildlife projects, and renewable energy programs (BP EIS, section 2.6.1).

BPA's multi-faceted business is complex. To help ensure its success, BPA decided to embark simultaneously upon independent processes addressing these key issues. While contract negotiators would benefit from absolute knowledge of all future program costs and program negotiators would benefit from absolute knowledge of BPA's future revenue, the realities of a competitive marketplace often preclude waiting for such comprehensive information. To carry out its public responsibilities within a competitive marketplace, BPA must have the freedom to define the scope of individual business decisions without having to resolve all of the region's problems at once.

BPA understands the extensive regional interest and concerns regarding future fish and wildlife funding. The Fish and Wildlife Funding Principles were announced by Vice President Gore on September 21, 1998. The announcement of the Principles followed a process that began in November 1997 and continued until early September 1998. This public process included over 60 meetings with concerned citizens, Tribes, State and Federal agencies, BPA customers, and public interest groups. The preamble to the Fish and Wildlife Funding Principles states that the purpose ''of these principles is to conclude the fish and wildlife funding process in which BPA has been engaged with various interests in the region, and provide a set of guidelines for structuring BPA's Subscription and power rate processes. The principles are intended to 'keep the options open' for future fish and wildlife decisions that are anticipated to be made in late 1999 on reconfiguration of the hydrosystem and in early 2000 on the Northwest Power Planning Council's Fish and Wildlife Program.''

BPA has examined issues, including fish and wildlife funding, related to fish and wildlife administration under different business conditions (BP EIS, section 2.4.5). The analysis included a determination of potential impacts. Therefore, BPA is well prepared to make separate individual business decisions such as a Power Subscription Strategy and the 1999 Power Rate Case that complement one another and are guided by the Fish and Wildlife Funding Principles.

Proceeding with the Power Subscription Strategy is vital to providing BPA with the financial predictability and stability it needs to compete in a deregulated wholesale electric marketplace. As explained in detail in the BP EIS and the System Operation Review (SOR) EIS (DOE/EIS–0170, February 1995), BPA will serve its contractual obligations and market power and services with available resources consistent with the operating constraints that apply to the hydrosystem. (BP EIS, section 1.5.6 and BP ROD, page 4). Additionally, the BP EIS details various response strategies designed to address any financial imbalance due to revenue shortfall as a result of unanticipated expenditures (BP EIS, section 2.5 and BP ROD, pages 13–14). In circumstances with unforeseen costs or revenue shortfalls, BPA could implement one or more of these response strategies to allow the agency to continue to compete in the electric utility market and fulfill its statutory responsibilities. The Risk Management Strategy described in the Power Subscription Strategy is consistent with the response strategies discussed in the BP EIS.

During the past year, BPA has worked with interest groups, other agencies, and customers to understand how BPA will address the uncertainty of future fish and wildlife costs in future rates and contracts. BPA is committed to meeting the Fish and Wildlife Funding Principles presented in September 1998. The Subscription process and the power rate proposal are the major means for meeting BPA's commitment. BPA believes, based on analyses to date, that the Power Subscription Strategy carries out the Fish and Wildlife Funding Principles. This issue is subject to further test in the Power Rate Case, and adjustments may be made in BPA's implementation methods if necessary.

The Power Subscription Strategy Proposal discussed some issues that will not be finally decided in the Power Subscription Strategy. Most of these issues will be finally decided in the 1999 Power Rate Case (also known as a section 7(i) process), although some will be decided in other forums, such as the Transmission Rate Case, which will be concluded before October 2001. For example, while the Strategy documents BPA's intention to implement a discount for conservation and renewable resources, the final design of that discount will be decided in the 1999 Power Rate Case. Other issues that will be decided in the 1999 Power Rate Case include the design and application of the CRAC, which rates apply to which sales, and the design of the LDD.

While BPA's Subscription Strategy does not establish any rates or rate designs, rate design approaches identified in the Subscription Strategy will be part of BPA's initial power rate proposal, which is expected to be published in early 1999. The comments received during the Subscription public process regarding the various rate-related issues will be addressed in the power rate case, which includes extensive opportunities for public involvement.

The final Power Subscription Strategy will provide a framework for the 1999 Power Rate Case and Subscription contract negotiations. The Subscription window will remain open 120 days after the Power Rates ROD is signed by the BPA Administrator, providing relatively certain information to potential purchasers regarding rates.

Summary of BPA'S Power Subscription Strategy

The Power Subscription Strategy is BPA's decision on equitably distributing to its customers the electric power generated by the FCRPS, within the framework of existing law. The Strategy outlines the overall process for implementing Federal power Subscription and provides a policy framework for the 1999 Power Rate Case. The Power Subscription Strategy, which provides a comprehensive description of BPA's decision, is available as a separate document. The Strategy is briefly summarized as follows.

The Strategy has four principal goals:

- Spread the benefits of the FCRPS as broadly as possible, with special attention given to the residential and rural customers of the region;
- Avoid rate increases through a creative and businesslike response to markets and additional aggressive cost reduction;
- Allow BPA to fulfill its fish and wildlife obligations while assuring a high probability of Treasury payment; and
- Provide market incentives for the development of conservation and renewables as part of a broader BPA leadership role in the regional effort to capture the value of these and other emerging technologies.

Subscribing to Federal Power. The Subscription window will be open from February 1, 1999, until 120 days after the ROD for the 1999 Power Rate Case is signed. BPA and its customers can bilaterally negotiate and execute power sales contracts at any time during this period. In determining customers' net requirements eligibility, BPA will apply criteria that define which entities qualify for service. BPA also will apply section 9(c) of the Northwest Power Act and review customer requests for service in light of the extent to which power, including power previously applied to loads in the region, has been sold for use outside the region. All contracts will be subject to the final rates established in the Power Rate Case.

All customers can negotiate during the Subscription window for power at applicable rates.

• *Publics*—All net requirements load, including load of new publics and load annexed by publics during the Subscription window, not currently served by all 5(b)(1)(A) resources and 5(b)(1)(B) generating resources.

• *Residential Loads of IOUs*—For 2002–2006 BPA intends to offer at least 1000 aMW of power and 800 aMW of power or financial benefits. For customers that purchase 10-year contracts, BPA will provide the 1800 aMW package for the first five-year period, and 2200 aMW for the second five years.

• *DSIs*—BPA expects to be able to serve all DSI load placed on the agency.

• *Managing Financial Risk.* BPA's pricing of its power products and services is based, in part, on the agency's risk management strategy. BPA faces a number of uncertainties, including future hydro conditions, market prices, operating costs, and fish and wildlife costs, which could affect how BPA operates and successfully meets all of its public responsibilities. To ensure BPA recovers all of its costs, the agency will use a variety of risk management tools. These tools are described in detail in BPA's Power Subscription Strategy.

Products and Services. BPA will market three categories of products:

• *Core Subscription products*—These products are available to customers who request requirements service to serve load and accept constraints on their ability to shape their purchases from BPA for any reason other than following variations in consumer load. These undelivered products will be offered at BPA's posted rates.

• *Customized Subscription products*—Customized products are available to customers who request requirements services to serve load (Core Products) and who want additional flexibility to reshape their purchases from BPA in order to optimize their resource operations. These products will have bilaterally negotiated pricing for all modifications to Core Products and any additional products and services customers wish to purchase. BPA anticipates that the price for customized products that differ substantially from the core products will be negotiated under the Firm Power Products and Services (FPS) rate schedule.

• *Non-Subscription products*—This category broadly includes power products and services that BPA might sell to any customer in the marketplace. These products will have prices negotiated under BPA's FPS rate schedule within the cost-based cap existing for that rate schedule. For detailed product descriptions, refer to the BPA Power Products Catalog available from BPA account executives or on the Power Business Line Web site.

BPA will also offer another product called Slice of the System. The Slice of the System is a requirements service and will be offered by a formula to be developed during the Power Rate Case. The final details of this product will be developed through an open process that will be concluded before the end of January 1999. Slice will allow eligible customers to pay a fixed percentage of BPA's costs in return for a fixed percentage of the capability of the FCRPS, mapped to net requirements.

Pricing. BPA intends to propose power rates for the 2002–2006 rate period that are significantly below market and approximately equal for all customer groups. Final pricing decisions will be made in the power rate 7(i) process in 1999.

• Subscription sales (i.e., contracts signed during the Subscription window) to public agency customers will be at the PF rate. Subscription sales to IOUs and DSIs would be at applicable rates, which are expected to be approximately equivalent to the PF rate, subject to a section 7(i) hearing and BPA meeting its statutory rate directives.

• Loads of preference customers that contract for services too late for inclusion in rate case analysis (i.e., the Power Rate Case setting rates for the FY 2007–2011 period) will be served at the PF rate through the end of that rate period, with a targeted adjustment charge. This targeted adjustment charge will reflect incremental costs, if such costs are incurred to serve the load. Also, any loads placed on BPA after the close of the Subscription window will receive this rate treatment at least through FY 2006.

• Option fees have been dropped. Eligible customers who make long-term commitments to buy power will get a contractual guarantee of BPA's applicable lowest cost-based rates beyond FY 2006.

• BPA will continue the LDD, with minor modifications, in a manner similar to current practice.

• BPA intends to continue existing General Transfer Agreement (GTA) service to customers for delivery of Federal power through the 2002–2006 rate period. This service will not be available to new preference customers or to existing preference customers for service territory expansions. BPA will attempt to negotiate extensions through 2006 for GTA agreements that expire during this time. If unsuccessful in this attempt, BPA will arrange for open access tariff transmission to replace GTAs for delivery of Federal power to GTA points of delivery. This delivery will be covered by power rates. The costs for delivery of non-Federal power to GTA points of delivery will not be covered by power rates.

• BPA has an important role in fostering and promoting the development of energy conservation and renewable resources in the Northwest. BPA plans to offer a 0.5 mill per kilowatthour Conservation and Renewables Rate Discount to utilities that voluntarily implement measures to develop energy conservation and renewable resources, up to a total of $30 million per year. The discount will be dollar for dollar. BPA is also considering whether, if its actual financial performance turns out to be much better than the rate case plan, to offer an additional discount for customers who support additional conservation and renewables activities. The details of how BPA plans to proceed with the discount in the initial rate proposal will be provided in the Administrative ROD.

Contract Elements. BPA intends to conduct bilateral negotiations with each of its customers to develop a contract that establishes the specific business relationship between that customer and BPA. All contracts will contain some provisions that are non-negotiable and consistent across all Subscription contracts.

• BPA will provide various incentives for customers to choose among three-year contracts, five-year contracts, and contracts longer than five years.

• BPA will be willing to negotiate non-requirements surplus firm power contracts with small rural full service customers that may be inordinately affected by rate design changes.

• Under Subscription contracts, customers bear the risk of losing load due to retail open access. BPA will offer several means to mitigate a customer's financial risk due to retail load loss.

• BPA will offer load growth coverage to public agency customers. Utilities whose loads grow due to retail access load gain or annexations and have contracts before the close of the Subscription window will be served with requirements power at the PF rate. However, new large single loads (NLSL) will be served at the New Resources Firm Power rate. Public agency requests to BPA for additional service after the Subscription window closes will be subject to the special price and notice provisions described in the Pricing section.

• A new public utility, which is eligible for service under BPA's statutes and which forms and contracts for service within the Subscription window will be offered power at the PF rate for its entire load obligation, except for NLSLs. New tribal preference utilities, which are eligible for service under BPA's statutes, will be treated the same as other new public utilities.

• Under current statutory provisions, customers who purchase for their net firm power requirements load are not able to pool their power purchases with other customers' purchases. If new legislation affecting pooling is passed, BPA will consider modifying its contracts.

Environmental Analysis

BPA's BP EIS focused on the relationships of BPA to the market. (BP EIS, section 2.1). BPA's marketing actions do not have a direct effect on air, land, and water. Previous environmental studies (e.g., Initial Northwest Power Act Power Sales Contracts EIS, January 1992; and Final Environmental Assessment: 1993 Wholesale Power and Transmission Rate Adjustment, February 1993) showed that environmental impacts are determined by the responses to BPA's marketing actions, rather than by the actions themselves. These market responses, discussed in detail in section 4.2 of the BP EIS, are resource development (including conservation), resource operation, transmission development and operation, and consumer behavior. With this knowledge, BPA used market responses as the foundation for the environmental analysis in section 4.3 of the BP EIS.

These market responses that determine the environmental impacts also determine whether BPA's costs will exceed the level of maximum sustainable revenue. If BPA were unable to balance its revenue and costs, the agency would need to pursue a response strategy. These response strategies, which are discussed below, fall into three general categories: increase revenues, reduce spending, and transfer costs. The ability to utilize response strategies, such as the risk management tools described in the Power Subscription Strategy, to meet BPA's financial obligation allows the agency to continue to be competitive in the market and provide public benefits.

A review of the BP EIS clearly shows that the potential environmental impacts from BPA's Power Subscription Strategy are adequately covered. Figure 2 below (not included in this Notice) shows how the decision to adopt the Power Subscription Strategy affects the environment.

Potential Air, Land, and Water Effects.

• *Resource development and operation*—Customers' decisions on whether to buy power from BPA or from other suppliers to serve their firm loads have potential effects on resource development and operations. Moreover, resource operations and development are more likely to have a potential impact on the environment than other market responses. Even so, resource operations are not expected to change significantly due to BPA's decision to adopt the Power Subscription Strategy.

BPA's energy resources are overwhelmingly hydropower. The SOR EIS evaluated various hydro operation scenarios and the requirements necessary to serve the multiple purposes of the Federal facilities, including power generation, fisheries, recreation, irrigation, navigation, and flood control. The resulting decisions about operating requirements, as documented in the Columbia River System Operation Review On Selecting An Operating Strategy For The FCRPS ROD (February 21, 1997), defined the power operations and amount of resources available for all BPA power transactions. However, to assist in fully understanding the potential range of impacts as a consequence of fundamental Business Plan decisions, the BP EIS evaluated the possible effects under two SOR operating strategies covering a wide spectrum of possible hydro operations (BP EIS, sections 4.4.3 and 4.4.4). It is important to note that contractual decisions predicated upon the BP EIS do not influence the SOR analysis or hydro operations. In fact, the reverse is true: the results from the SOR ROD affect BPA's Power Subscription Strategy decisions by defining the amount of power available to BPA from its hydro resources.

Also, whether customers choose BPA or other regional providers to serve their loads has a minimal effect on environmental impacts from resource development. The BP EIS showed that the difference between BPA serving the loads and the rest of the region serving the loads is relatively minor. Although BPA's share of regional load varied across alternatives, the differences in total environmental impacts among alternatives were small (BP EIS, Figure 4.4.5, page 4–117).

The more important factor for determining potential environmental impacts from resource operations and development is whether the region will be in an energy resource surplus or deficit situation. Based on BPA's most recent Pacific Northwest Loads and Resources Study (the White Book), the region post-2001 is expected to be resource deficit under a critical water level (the lowest expected water condition based on historical data) for the hydroelectric system.

Under these conditions all resources in the region will run and there will be an increased likelihood of needing additional resources. It is anticipated that much of this need for additional resources will be met through better water conditions (closer to an average water year) than critical water. In addition, BPA will promote the development of conservation and renewable resources in the region. The region may also rely on existing power resources outside the region or on the construction of new resources within the region. In any case, there is likely to be an increase in air emissions. However, any new resources are expected to be CTs. If these cleaner, more fuel efficient CTs displace existing thermal generation, the overall air quality impacts may be lessened (BP EIS, section 4.4.1.4). Section 4.3.1 of the BP EIS describes the typical environmental impacts from various generating resources.

Currently BPA does not intend to rely on the long-term acquisition of the output of new generating resources to meet any increases in its loads. Instead, BPA plans to use cost-effective power purchases. If necessary, BPA would consider the long-term acquisition of the output of new combined cycle combustion turbines (CTs).

In the less likely event that the region is in a surplus situation, fewer air quality impacts would be expected. New generation would not be needed and surplus hydro could displace existing thermal generation, resulting in fewer air emissions. If most existing resources in the region run, no substantial changes in the current environmental effects would be expected. The closer the region is to load/resource balance, however, the greater the likelihood new resources will be constructed. As discussed above, these new resources would impact air quality.

• *Transmission development and operation*—Little change is expected in transmission development and operation due to the decision by BPA to adopt the Power Subscription Strategy. Reliability criteria and regional planning would still set the direction for a regional transmission system (BP EIS, Table 4.2.1, page 4–40.) The potential environmental impacts of transmission development and operation were described in section 4.3.2 of the BP EIS. Analysis of transmission system development and operation across Business Plan alternatives (which represent a broad range of loads placed on BPA) shows overall transmission development in the region varying by less than six percent (BP EIS, section 4.4.3.6).

• *Consumer behavior*—Conservation reinvention, which is intrinsic to BPA's market-driven approach, included price incentives for conservation (BP EIS, section 2.2.3). A renewables incentives module was also analyzed as a variable (BP EIS, section 2.3). The success of any incentives, such as a rate discount, for conservation or renewable resources would reduce the region's reliance on or need for thermal resources. As a result, there would be fewer impacts to air, land and water. Conservation measures, in and of themselves, have few environmental impacts (BP EIS, section 4.3.1).

Potential Socioeconomic Effects. Consistent with its market-driven approach, BPA will remain active in the competitive market, working to assure its success. BPA must generate enough revenue to pay all of its costs. If the costs exceed BPA's ability to generate revenues, BPA may not be able to meet its financial obligations, including repaying the Treasury and providing public benefits. The BP EIS showed that two factors dominated BPA's ability to be successful in the market: rates and terms of service. Under the market-driven approach, BPA focused on keeping rates low and on meeting customers' needs (BP EIS, section 2.6). The success of BPA's Power Subscription Strategy will be determined by how well it responds to these same two factors. The Strategy equitably distributes the benefits of the FCRPS, provides customers with a variety of choices to meet their needs, and acknowledges BPA's financial and public benefit responsibilities. However, BPA faces a number of uncertainties that could affect its success. The Risk Management Strategy incorporates a set of risk management tools to manage this risk.

• *Rates*—For BPA to be successful, the Power Subscription Strategy must offer power products and services at prices that are acceptable to customers. To the extent BPA is more or less successful, the agency could be over-subscribed or under-subscribed.

If BPA's cost-based rates for Subscription power are below market, BPA could sell all the power it has available. BPA would meet this over-Subscription by making cost-effective power purchases from existing resources. In the unlikely event that the cost of these power purchases or customer demands were much higher than expected, BPA could use a variety of measures, including adjusting the shape of deliveries and interruption provisions, to ensure the DSIs share in the benefits of federal power.

Over-Subscription would likely decrease air quality. BPA's power purchases could cause regional thermal resources to run, resulting in increased air emissions. In addition, BPA currently sells power to California, offsetting the operation of some of California's thermal plants. These plants may be operated, leading to increases in air emissions in California. If, as expected, the region is deficit, BPA's purchases could encourage others to develop resources, including conservation.

If BPA's rates for Subscription power are higher than what customers perceive market prices to be, BPA could end up selling less firm power than it is offering. Consequently, BPA might not be able to recover its costs for the rate period and could be unable to make its Treasury payments or meet recovery costs for fish and wildlife. BPA would likely implement one or more of the financial contingency measures in the Risk Management Strategy to address such under-Subscription.

If BPA were under-Subscribed, other regional resources would meet customers' loads. These thermal resources would have negative air quality impacts. Under the likely regional deficit for resources, resource development would be encouraged. Unlike BPA's existing resources, these new resources (primarily CTs) would have air quality impacts. To the extent the new CTs displaced older, less efficient thermal resources, the potential impacts would be less.

• *Terms of service*—BPA also found that the issues raised during the Power Subscription Strategy public process were focused on business actions that affect the marketability or desirability of BPA's power. The Power Subscription Strategy must also offer terms of service that are attractive to BPA's customers. BPA worked with customers in developing the Strategy, and was responsive to their concerns. The Strategy preserves public preference and regional preference, while assuring that the residential and small farm customers of the region's IOUs share the benefits of the FCRPS. The Power Subscription Strategy also recognizes the unique needs of customers and responds to those needs. A variety of competitively-priced power products and services are available. In addition, BPA intends to conduct bilateral negotiations with each of its customers to develop individual contracts.

To the extent these terms of service are attractive, customers will choose to buy power from BPA. At the same time, the Strategy must recognize constituents' concerns. The Power Subscription Strategy balances the concerns and interests of customers and constituents. The more successful the Power Subscription Strategy, the more likely BPA will be able to fulfill all of its financial obligations.

• *Public benefits*—As discussed above, BPA is making a systematic effort through this Power Subscription Strategy to meet customer needs and improve business relationships. This will make the purchase of federal power more attractive to customers, resulting in reliable and predictable BPA revenues which will provide better financial stability over time. This success in the market will provide the financial strength necessary to ensure the public benefits BPA provides the region. The Power Subscription Strategy provides BPA the mechanisms to spread the benefits of the FCRPS throughout the region, fulfill BPA's fish and wildlife obligations, and encourage conservation and renewables.

• *Response strategies (Mitigation)*—BPA faces a number of uncertainties that could affect its success: hydro conditions, market prices, operating costs, and fish and wildlife costs. The Power Subscription Strategy includes a Risk Management Strategy BPA intends to use to make sure all of its costs and public responsibilities are met despite these uncertainties. The BP EIS, acknowledging these same uncertainties, detailed representative response strategies BPA could invoke to balance costs and revenues (BP EIS, section 2.5 and BP ROD, pages 13–14). These response strategies fell into three general categories: decrease spending, increase revenues, and transfer costs. The risk management tools in the Power Subscription Strategy are consistent with the response strategies in the BP EIS. BPA has already decided (in the BP ROD) to implement as many response strategies, or equivalents, as necessary to mitigate for cost and revenue imbalance. Such mitigation enhances BPA's ability to continue to adapt to changing market conditions and improves BPA's long-term attractiveness as a power supplier and business partner and BPA's ability to ultimately continue to provide public benefits to the region.

Public Availability

This Power Subscription Strategy ROD, which satisfies BPA's requirements under the National Environmental Policy Act (NEPA), will be distributed to interested and affected persons and agencies. The ROD will also be posted on BPA's web-site, which is http://www.bpa.gov/power/subscription. Copies of BPA's Power Subscription Strategy, the Business Plan, Business Plan EIS, and the Business Plan ROD and additional copies of this NEPA ROD are all available from BPA's Communications Office, P.O. Box 12999, Portland, Oregon 97212. Copies of these documents may also be obtained by using BPA's nationwide toll-free document request line, 1–800–622–4520.

Conclusion

After participating in an extensive public process, I have decided to adopt and implement BPA's Power Subscription Strategy. Consistent with the decision strategy laid out in BPA's BP EIS, I have examined that EIS and found that this decision is clearly within its scope. In making this decision to adopt the Power Subscription Strategy, I have carefully considered the potential environmental impacts. Further, in proceeding with the Strategy, BPA is guided by and remains fully committed to the Fish and Wildlife Funding Principles.

This decision is a direct application of BPA's Market-Driven approach for participation in the increasingly competitive electric power market. BPA is offering a variety of power products and pricing to address customers' needs and make the purchase of federal power more attractive to customers. BPA will begin bilateral negotiations during which customers will make federal power purchase commitments and execute individual contracts.

Implementing the Power Subscription Strategy will result in reliable and predictable BPA revenues which will provide financial stability over time to help provide public benefits, avoid stranded costs and reduce the need to invoke risk management strategies. BPA is responding to customers' needs while ensuring the financial strength necessary to produce the public benefits that are of concern to the people of the Pacific Northwest. Making Power Subscription contracts available to customers is a prudent business and public agency decision that reflects the values of the region.

Issued in Portland, Oregon, on December 21, 1998.

J. A. Johansen,

Administrator and Chief Executive Officer.

[FR Doc. 98–34788 Filed 12–31–98; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. ER99–986–000]

Illinois Power Company; Notice of Filing

December 28, 1998.

Take notice that on December 18, 1998, Illinois Power Company (IP), 500 South 27th Street, Decatur, Illinois 62526, tendered for filing a summary of its activity for the third quarter of 1998, under its Market Based Power Sales Tariff, FERC Electric Tariff, Original Volume No. 7.

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, N.E., Washington, D.C. 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 and protests should be filed on or before January 8, 1999. 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.

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 98–34747 Filed 12–31–98; 8:45 am]

BILLING CODE 6717–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. ER95–1625–017; ER95–1614–017; ER94–1394–018; ER99–905–000; ER99–934–000; ER99–935–000; and ER99–936–000]

PG&E Energy Trading-Power, L.P.; PG&E Energy Services, Energy Trading Corp.; PG&E Power Services Company; USGen New England, Inc.; Millennium Power Partners, L.P.; Logan Generating Company, L.P.; and Pittsfield Generating Company, L.P.; Notice of Filing

December 21, 1998.

Take notice that on December 14, 1998, PG&E Energy Trading-Power, L.P.; PG&E Energy Services, Energy Trading Corp.; PG&E Power Services Company; USGen New England, Inc.; Millennium Power Partners, L.P.; Logan Generating Company, L.P.; and Pittsfield Generating Company, L.P.; (PG&E Subsidiaries); collectively tendered for filing an updated market analysis as required by the Commission's orders approving market based rates for each of the PG&E Subsidiaries.

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, N.E., Washington, D.C. 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 and protests should be filed on or before January 4, 1999. 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.

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 98–34748 Filed 12–31–98; 8:45 am]

BILLING CODE 6717–01–M