

determined that several changes are necessary for its environmental review process to operate in a more effective and efficient manner.

This proposed rule contains a variety of changes from the provisions of the current rule. Most of these revisions are minor or merely intended to clarify existing RUS policy and procedure and to ensure that procedures are consistent among the three RUS programs. Other revisions expand upon the existing types of actions that are subject to environmental review or reclassify actions within categories.

Within subpart A, the term "distributed generation" has been added to the list of definitions and the term "Environmental Analysis (EVAL)" has been deleted from the list of definitions in § 1794.6. A fourth bulletin was issued in early 2002 that provides guidance in preparing for and carrying out scoping for electric generation and transmission projects that require either an environmental assessment with scoping or an environmental impact statement. Further information on the four RUS guidance bulletins is provided in § 1794.7.

Within subpart B, language clarifying RUS policy regarding the completion of RUS environmental review process for certain categories of actions has been added to § 1794.14(a).

Within subpart C, a number of additional listings to the existing classification and changes to selected listings within the existing classification are being proposed. These proposed reclassifications involve minor actions proposed by applicants, which rarely, if ever, result in significant environmental impact or public interest. These changes will streamline environmental review of minor actions, and will allow the agency to focus its resources on larger projects. RUS believes that the proposed changes will provide adequate safeguards to identify any unusual circumstances that may require additional agency scrutiny.

Within § 1794.21(a), RUS proposes to add separate categories for generating facilities of less than 100 kilowatts and the co-firing of bio-fuels and refuse derived fuels at existing fossil-fueled generating stations. Within § 1794.22(a), RUS proposes to modify the capacity thresholds for distributed generation facilities at existing sites. Two new categories of proposals involving natural gas pipelines and combined cycle facilities at existing sites would be added to § 1794.22(a).

In addition to including fuel cell and combined cycle generation in the same listings as combustion turbines, RUS proposes to add three new categories of

proposals within § 1794.23. Proposed length and capacity threshold changes within § 1794.23, reflect changes that would be made in § 1794.22(a). Within §§ 1794.24 and 1794.25 the only proposed change would include fuel cell and combined cycle generation in the same listing as combustion turbines.

RUS proposes to modify its procedures in subparts E through G of this part. In §§ 1794.43 and 1794.44, RUS would eliminate the requirement to publish in the **Federal Register**, notice of Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) availability for electric and telecommunications proposed actions described in § 1794.23. RUS has determined that no appreciable benefit has resulted from publishing a separate **Federal Register** notice for proposals in that category. By this change the notice requirements for all three programs would be consistent for all EA proposals described in § 1794.23. Electric proposals described in § 1794.24 would still be subject to this requirement.

RUS would modify its policy regarding the use of a contractor prepared Environmental Impact Statement (EIS). Under the existing regulation, the EIS would either be developed by RUS from an applicant prepared Environmental Analysis (EVAL) or prepared with the assistance of a consultant selected by RUS. Based on its experience in recent years, RUS expects to utilize the services of a consultant selected by and working for RUS for all actions requiring the preparation of an EIS. RUS does not contemplate preparing a draft or final EIS relying on an applicant prepared EVAL, as currently stated in § 1794.61(b). Therefore, RUS proposes to delete § 1794.61(b). Also, the applicant submitted document for all proposals will be titled an environmental report (ER). Previously, the applicant supplied document for a § 1794.24 proposal was an EVAL. These proposed changes would affect §§ 1794.50, 1794.52 through 1794.54, and 1794.61.

List of Subjects in 7 CFR Part 1794

Environmental impact statements, Reporting and recordkeeping requirements.

For reasons set forth in the preamble, chapter XVII of title 7 of the Code of Federal Regulations, is proposed to be amended by revising part 1794 to read as follows:

PART 1794—ENVIRONMENTAL POLICIES AND PROCEDURES

1. The authority citation for part 1794 continues to read as follows:

Authority: 7 U.S.C. 6941 *et seq.*, 42 U.S.C. 4321 *et seq.*; 40 CFR Parts 1500–1508.

2. Section 1794.6 is amended by:

A. Removing the definition for "Environmental Analysis (EVAL)";

B. Adding the definition for "Distributed Generation", and

C. Amending the definition for "Environmental Report (ER)" by revising the first sentence.

These amendments are to read as follows:

§ 1794.6 Definitions.

* * * * *

Environmental Report (ER). The environmental documentation normally submitted by applicants for proposed actions subject to compliance with §§ 1794.22 through 1794.24. * * *

* * * * *

Distributed Generation. The generation of electricity by a sufficiently small electric generating system as to allow interconnection of the system near the point of service at distribution voltages or customer voltages. A distributed generating system may be fueled by any source, including but not limited to renewable energy sources.

* * * * *

3. Section 1794.7(a) is revised to read as follows:

§ 1794.7 Guidance.

(a) *Electric and Telecommunications Programs.* For further guidance in the preparation of public notices and environmental documents, RUS has prepared a series of program specific guidance bulletins. RUS Bulletin 1724A–600 provides guidance in preparing the ER for proposed actions classified as categorical exclusions (CEs) (§ 1794.22(a)); RUS Bulletin 1794A–601 provides guidance in preparing the ER for proposed actions which require EAs (§ 1794.23(b) and (c)); and RUS Bulletin 1794A–603 provides guidance in conducting scoping for proposed actions classified as requiring an EA with scoping or an EIS. Copies of these bulletins are available upon request by contacting the Rural Utilities Service, Publications Office, Program Development and Regulatory Analysis, Stop 1522, 1400 Independence Avenue, SW., Washington, DC 20250–1522.

* * * * *

4. Section 1794.15(a) is amended by adding new paragraphs (a)(1), (a)(2), and (a)(3), to read as follows: