

categories. The more significant changes are discussed below.

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 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 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 § 1794.15(a).

Within subpart C, a number of additional listings to the existing classification and changes to selected listings within the existing classification have been made. These 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 changes and existing procedures will provide adequate safeguards to identify any unusual circumstances that may require additional agency scrutiny.

Within § 1794.21(b), RUS added 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 modified the capacity thresholds for distributed generation facilities at existing sites. A new category involving adding combined cycle facilities at existing combustion turbine sites was added to § 1794.22(a).

In addition to including fuel cell and combined cycle generation in the same listings as combustion turbines, RUS added two new categories of proposals within § 1794.23. One new category covers the construction of a natural gas pipeline to serve an existing gas-fueled generating facility. The other new category involves a higher capacity threshold for adding combined cycle facilities at existing combustion turbine sites. Other capacity threshold changes within § 1794.23 reflect changes that were made in § 1794.22(a). Within §§ 1794.24 and 1794.25 the only change adds fuel cell and combined cycle generation in the same listing as combustion turbines.

RUS has modified its procedures in subpart E of this part. In §§ 1794.43 and 1794.44, RUS eliminated the requirement to publish in the **Federal Register**, a 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 RUS 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.

In subpart G of this part, RUS has modified 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 has deleted § 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 changes affect §§ 1794.50, 1794.52 through 1794.54, and 1794.61.

#### Preparation of the Rulemaking

The proposed rule amending 7 CFR part 1794 was published in the **Federal Register** on January 15, 2003 (68 FR 1988). Public comment was invited for a 30-day period ending on February 14, 2003. The only public comments received were from a rural electric cooperative. Those comments supported the changes being proposed. Comments received from the President's Council on Environmental Quality (CEQ) have resulted in changes to two listings. Item § 1794.22(a) (13) “Construction of a natural gas pipeline (ten miles or less in length) to serve an existing gas-fueled generating station,” has been deleted. Listing § 1794.23(c) (13) has been modified by deleting the (more than 10 miles in length) threshold. As recommended by CEQ, § 1794.54 was expanded to better clarify the RUS policy of publishing notices in the

**Federal Register** for proposals listed in § 1794.24.

#### List of Subjects in 7 CFR Part 1794

Environmental impact statements, Reporting and recordkeeping requirements.

■ Therefore RUS amends chapter XVII of title 7 of the Code of Federal Regulations 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 read as follows:

#### § 1794.6 Definitions.

\* \* \* \* \*

*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.

\* \* \* \* \*

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

\* \* \* \* \*

■ 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 1794A–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