an investor would perform to determine the value of the corporation's stock and the MLP's limited partner units. We then assume, consistent with the underlying premise of the DCF model, that the results of the investor's DCF analysis represent the actual share prices of the two proxy firms. Using those share prices, we then apply the DCF formula used in rate cases to determine the ROEs of the two proxy firms. As illustrated below, that DCF analysis arrives at the same 10 percent ROE for the proxy MLP, as for the proxy corporation, despite the fact the MLP's distribution includes a return of equity. Thus, the inclusion of return of equity in the MLP's distribution does not improperly distort the rate case DCF analysis.

Assumed Facts

The proxy corporation's rate base is $100. In its last rate case, the Commission awarded the proxy corporation an ROE of 10 percent, and found that its depreciable life is 25 years. So the proxy corporation's cost of service includes $10 for ROE, and $4 for depreciation. We assume that in its most recent year of operations, the corporation actually collected those amounts from its customers, and paid a dividend of $6.50, i.e., a dividend equal to 65 percent of its annual earnings. The corporation thus retains $7.50 in cash flow, which it reinvests the following year. This reflects the fact that corporations typically pay out less than earnings in their dividends. We also assume that the corporation's composite growth rate is 8 percent.

The facts with respect to the MLP are the same, with two exceptions. First, the MLP paid its unit holders a distribution of $13, i.e., a distribution equal to 130 percent of earnings. The remaining $1 is distributed to the general partner of the MLP. Second, the MLP's composite growth rate is only 5 percent.

DCF Analysis of Proxy Corporation

As discussed at P 2 of the notice, an investor uses the following DCF formula to determine share price (with simplifying assumptions):

$D/(ROE - g) = P$

where P is the price of the stock at the relevant time, D is the current dividend, ROE is the discount rate or rate of return, and g is the expected constant growth in dividend income to be reflected in capital appreciation. Using that formula, investors would determine the rational stock price for the proxy corporation as follows:

$6.50 dividend/(ROE of .10 − growth of .08) = Stock Price of $325

That is, investors would sell shares at a price above $325, and buy shares until the price reached $325. In a rate case for another pipeline, the Commission will determine the ROE of the proxy firm by solving the above formula for ROE, instead of share price. This rearranges the formula so that:

$D/P + g = ROE$

Using that formula and assuming the proxy corporation's actual stock price is $325, the Commission would determine the proxy corporation's ROE as follows:

$6.50 dividend/$325 stock price + growth of .08 = ROE of .10

Therefore, if the corporation was included in the proxy group for purposes of determining another firm's ROE in a new rate case, we would find, under the assumed facts, that the proxy corporation has the same 10 percent ROE as we awarded in its last rate case.

DCF Analysis of Proxy MLP

We now go through the same exercise for the proxy MLP to determine whether its distribution in excess of earnings distorts its DCF analysis so as to improperly inflate its ROE. Using the D/ (ROE − g) = P formula described above, investors would determine the proxy MLP's share price as follows:

$13 distribution/ (ROE of .10 − growth of .05) = Share price of $260

Assuming that the actual price of units in the proxy MLP is $260, we now determine the ROE of the proxy MLP, using the DCF formula used in rate cases (D/P + g = ROE). Under that formula, we would calculate the proxy MLP's ROE as follows:

$13 distribution/$260 unit price + growth of .05 = ROE of .10

Therefore, if the MLP was included in the proxy group for purposes of determining another firm's ROE in a new rate case, we would, under the assumed facts, reach the same result as we reached for above proxy corporation: That the proxy MLP has the same 10 percent ROE as we awarded in its last rate case.

By contrast, if the Commission capped the proxy MLP's distribution at its $10 in earnings but continued to use the $260 share price, the ROE calculated for the proxy MLP would be only about 8.8 percent, and thus less than the 10 percent ROE the Commission awarded the proxy MLP in its last rate case and less than the results for the proxy corporation:

$10 distribution/$260 unit price + growth of .05 = ROE of .088

Conclusion

As shown by the above illustrative calculations, an MLP may be included in the proxy group and its full distribution used in the DCF analysis without distorting the results. This is because the level of an MLP's distributions affects both its share price and its projected growth rate. The MLP's inclusion of a return of equity in its distribution causes its share price to be higher than it otherwise would be and its growth rate to be lower. These facts offset the effect of the higher distribution on the DCF calculation of the MLP's ROE. Indeed, capping the MLP's distribution at earnings would lead to a distorted result. This is because there would be mismatch between the market-determined share price, which reflects the actual, higher uncapped distribution, and the lower earnings-capped distribution.

[FR Doc. E8–9186 Filed 4–28–08; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No.: 12478–002]

Gibson Dam Hydroelectric Project, LLC; Notice of Draft License Application and Preliminary Draft Environmental Assessment (PDEA) and Request for Preliminary Terms and Conditions

April 21, 2008.

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

a. *Type of Application:* Major Project—Existing Dam.

b. *Project No.:* 12478–002.

c. *Date Filed:* April 14, 2008.

d. *Applicant:* Gibson Dam Hydroelectric Project, LLC.

e. *Name of Project:* Gibson Dam Hydroelectric Project.

f. *Location:* On the Sun River River, near the Towns of Fairfield and August, Teton and Lewis and Clark Counties, Montana. The project would occupy 132.4 acres of Forest Service lands within the Lewis and Clark National Forest, 15 acres of lands administered by the U.S. Bureau of Reclamation, and 69.9 acres of lands administered by the U.S. Bureau of Land Management.

g. *Filed Pursuant to:* Federal Power Act 16 U.S.C. 791(a)—825(r)

h. *Applicant Contact:* Steven C. Marmon, 3633 Alderwood Avenue, Bellingham, WA 98225, 360–738–9999.

i. *FERC Contact:* Matt Cutlip, 503–552–2762, *matt.cutlip@ferc.gov*

j. *Status of Project:* With this notice the Commission is soliciting (1) preliminary terms, conditions, and recommendations on the Preliminary Draft Environmental Assessment (DEA), and (2) comments on the Draft License Application.

k. *Deadline for filing comments:* July 11, 2008.

All comments on the Preliminary DEA and Draft License Application should be sent to the addresses noted above in Item (h), with one copy filed with FERC at the following address: Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426. All comments must include the project name and number and bear the heading Preliminary Comments, Preliminary Recommendations, Preliminary Terms and Conditions, or Preliminary Prescriptions.

Comments and preliminary recommendations, terms and conditions, and prescriptions may be

filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site (*http://www.ferc.gov*) under the ''e-Filing'' link.

l. A copy of the draft application is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's Web site at *http://www.ferc.gov* using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, contact FERC Online Support at *FERCOnlineSupport@ferc.gov* or toll-free at 1–866–208–3676, or for TTY, (202) 502–8659.

You may also register online at *http://www.ferc.gov/docs-filing/esubscription.asp* to be notified via e-mail of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

Gibson Dam Hydroelectric Company, LLC has electronically distributed a copy of the Preliminary DEA and Draft License Application to interested entities and parties. Copies of these documents are available for review at the following locations:

Greenfields Irrigation District, 105 W. Central Ave. Fairfield, MT 59436;

Lewis & Clark Library, Augusta Branch, 205 Main Street Augusta, MT 59410;

Choteau Public Library, 17 Main Avenue North, Choteau, MT 59422;

Great Falls Public Library, 301 2nd Avenue North, Great Falls, MT 59401;

Lewis & Clark Public Library, 120 South Last Chance Gulch, Helena, MT 59601; or by calling Steve Marmon at 360–738–9999, or by e-mailing *smarmon@whitewatereng.com.*

m. With this notice, we are initiating consultation with the Montana State Historic Preservation Officer (SHPO), as required by Section 106, National Historic Preservation Act, and the regulations of the Advisory Council on Historic Preservation, 36 CFR 800.4.

Kimberly D. Bose,

Secretary.

[FR Doc. E8–9302 Filed 4–28–08; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PF08–8–000]

Northwest Pipeline GP; Notice of Intent To Prepare an Environmental Assessment for the Proposed Colorado Hub Connection Project and Request for Comments on Environmental Issues

April 21, 2008.

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental assessment (EA) that will discuss the potential environmental impacts of the planned Colorado Hub Connection Project (CHC). This project would involve the construction and operation of about 29 miles of natural gas pipeline and related facilities by Northwest Pipeline GP (NWP) in Rio Blanco County, Colorado. The EA will be used by the Commission in its decision-making process to determine whether the project is in the public convenience and necessity.

This notice announces the opening of the scoping process the Commission will use to gather input from the public and interested agencies on the planned project. Your input will help determine which issues need to be evaluated in the EA. Please note that the scoping period will close on May 21, 2008. Details on how to submit comments are provided in the ''Public Participation'' section of this notice.

This notice is being sent to affected landowners; federal, state, and local government agencies; elected officials; Native American tribes; other interested parties; and local libraries and newspapers. State and local government representatives are asked to notify their constituents of this planned project and to encourage them to comment on their areas of concern.

If you are a landowner receiving this Notice, you may be contacted by a NWP representative about the acquisition of an easement to construct, operate, and maintain the proposed pipeline facilities. NWP would seek to negotiate a mutually acceptable agreement to cover the easement, damages that may occur during construction, and any other issues raised by the landowner. The FERC encourages pipeline companies to acquire as much of the right-of-way (ROW) as possible by negotiation with the landowners. If the FERC approves the project, that approval will convey with it the right of eminent domain to secure easements for the facilities. Eminent domain is intended for use when easement negotiations fail to produce an agreement. In such instances, NWP could initiate condemnation proceedings in accordance with state law.

A fact sheet prepared by the FERC entitled ''An Interstate Natural Gas Facility On My Land? What Do I Need To Know?'' addresses a number of typically asked questions, including the use of eminent domain and how to participate in the FERC's proceedings. It is available for viewing on the FERC Internet Web site (*http://www.ferc.gov*).

Summary of the Proposed Project

NWP plans to construct and operate the following facilities:

- about 27.5 miles of 24-inch-diameter pipeline lateral, extending from NWP's interstate pipeline system in Douglas Creek south of Rangely on the west to the planned White River Hub and Enterprise Products Operating LLC's (Enterprise) Meeker Gas Processing Plant near Piceance Creek and Meeker on the east;
- interconnections with the White River Hub system, the Enterprise Plant, and NWP's system; and
- appurtenant facilities (including pressure regulation, metering, a mainline valve, and future pig launching/receiving facilities).[1]

The CHC would provide shippers with about 445 million dekatherms of natural gas transportation capacity per day from the planned White River Hub to NWP's mainline system. The general location of the planned facilities is shown in appendix 1.[2]

Land Requirements

Construction of the CHC would disturb about 480 acres overall, including the planned pipeline ROW and three aboveground facility sites (333.5 acres), temporary extra work areas along the ROW (71.4 acres), upgrades to existing access roads (up to 5 acres), and the use of seven existing contractor/pipe storage/rail offloading industrial yards (70.3 acres). Following construction, operation of the planned

[1] A pipeline ''pig'' is a device to clean or inspect the interior of a pipeline. A pig launcher/receiver is an aboveground facility where pigs are inserted or retrieved from the pipeline.

[2] The appendices referenced in this notice are not being printed in the **Federal Register**. Copies of all appendices are available on the Commission's *Web site* at the ''eLibrary'' link or from the Commission's Public Reference Room, 888 First Street, NE., Washington, DC 20426, or call (202) 502–8371. For instructions on connecting to eLibrary, refer to the ''Additional Information'' section of this notice. Copies of the appendices were sent to all those receiving this notice in the mail. Requests for detailed maps of the planned facilities should be made directly to NWP.