

**PART 741—REQUIREMENTS FOR INSURANCE**

■ 3. Add § 741.226 to read as follows:

**§ 741.226 Asset securitization.**

Any credit union that is insured pursuant to Title II of the Act must adhere to the requirements stated in § 721.3(n) of this chapter.

[FR Doc. 2014-14926 Filed 6-25-14; 8:45 am]

BILLING CODE 7535-01-P

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission****18 CFR Part 40**

[Docket No. RM14-7-000]

**Modeling, Data, and Analysis Reliability Standards**

**AGENCY:** Federal Energy Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Pursuant to the Federal Power Act, the Commission proposes to approve Modeling, Data, and Analysis Reliability Standard MOD-001-2 developed by the North American Electric Reliability Corporation, which the Commission has certified as the Electric Reliability Organization responsible for developing and enforcing mandatory Reliability Standards.

**DATES:** Comments are due August 25, 2014.

**ADDRESSES:** Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through <http://www.ferc.gov>. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.

- Mail/Hand Delivery: Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE., Washington, DC 20426.

*Instructions:* For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

1. Pursuant to section 215(d) of the Federal Power Act (FPA),<sup>1</sup> the Commission proposes to approve Reliability Standard MOD-001-2 (Modeling, Data, and Analysis) developed by the North American Electric Reliability Corporation (NERC), which the Commission has certified as the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory Reliability Standards. Reliability Standard MOD-001-2 addresses the reliability issues associated with determinations of available transfer capability (ATC) and available flowgate capability (AFC). The Commission also proposes to approve the associated violation risk factors and violation severity levels and NERC's proposed retirement of the currently effective Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2.

**I. Background**

2. Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, which are subject to Commission review and approval. Once approved, the Reliability Standards are enforced by the ERO, subject to Commission oversight, or by the Commission independently.

*Development of ATC and AFC in Order Nos. 888, 889 and 890*

3. NERC developed the currently-effective Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2 (Existing MOD A Standards) based on the obligation for transmission service providers to determine ATC and AFC, as those terms were introduced in Order Nos. 888 and 889.<sup>2</sup> Although

<sup>1</sup> 16 U.S.C. 824o(d) (2012).

<sup>2</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002). *Open Access Same-Time Information System*

Order Nos. 888 and 889 obligated each public utility to calculate and post ATC, formal methods for calculating ATC or AFC did not exist, nor did the Commission mandate the use of specific methodologies.

4. In February 2007 the Commission issued Order No. 890 and, among other things, sought to standardize the manner in which ATC/AFC was calculated.<sup>3</sup> The Commission also noted that ATC/AFC calculations raise reliability issues, namely, the need for a transmission provider to know of its neighbors' system conditions affecting its own ATC values. As a result of this reliability concern, the Commission found that the proposed ATC reforms were also supported by FPA section 215, through which the Commission has the authority to direct the ERO to submit a Reliability Standard that addresses a specific matter.<sup>4</sup> Thus, the Commission in Order No. 890 directed the development of Reliability Standards, using the ERO's Reliability Standards development process, that provide for consistency and transparency in the methodologies used by transmission owners to calculate ATC. The Commission found that, if all of the ATC components and certain data inputs and certain assumptions are consistent, the ATC calculation methodologies would produce predictable and sufficiently accurate, consistent, equivalent and replicable results.<sup>5</sup>

*Order Nos. 693 and 729*

5. On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC in April 2006.<sup>6</sup> Of the 83 approved Reliability Standards, the Commission approved ten MOD Reliability Standards. In addition, the Commission directed NERC to prospectively modify nine of the ten approved MOD Reliability

*(Formerly Real-Time Information Networks) and Standards of Conduct*, Order No. 889, 61 FR 21737 (May 10, 1996), FERC Stats. & Regs. ¶ 31,035, at 31,749 (1996), *order on reh'g*, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049, *order on reh'g*, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

<sup>3</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at P 68, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>4</sup> See 16 U.S.C. 824o(d)(5).

<sup>5</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 210.

<sup>6</sup> *Mandatory Reliability Standards for the Bulk Power System*, Order No. 693, FERC Stats. & Regs. ¶ 31,242, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

Standards to be consistent with the requirements of Order No. 890.<sup>7</sup> In Order No. 693, the Commission reiterated its concerns with respect to ATC articulated in Order No. 890 and directed NERC and the industry to develop Reliability Standards that provide for consistency and transparency in the methodologies used by transmission providers to calculate ATC.<sup>8</sup> The Commission directed public utilities, working through the NERC Reliability Standards and North American Energy Standards Board (NAESB) business practices development processes, to produce solutions to implement the ATC-related reforms adopted by the Commission.

6. In response to the requirements of Order No. 890 and related directives of Order No. 693, NERC developed the Existing MOD A Standards, which the Commission approved in Order No. 729.<sup>9</sup> The Existing MOD A Standards standardized the manner in which ATC/AFC is determined and required the documentation and sharing of ATC/AFC methodologies. In approving the Existing MOD A Reliability Standards in Order No. 729, the Commission also directed NERC to modify certain aspects of those standards.

## II. NERC Petition

7. NERC states that proposed Reliability Standard MOD-001-2 replaces, consolidates and improves upon the Existing MOD A Standards by establishing a framework that comprehensively addresses the reliability concerns raised in Order Nos. 693, 890 and 729. According to NERC, ATC and AFC values “are commercial in nature, representing the amount of unused transmission capacity that a Transmission Service Provider is willing to make available for sale to third parties. The purpose of proposed

MOD-001-2 is to help ensure that determinations of ATC and AFC are accomplished in a manner that supports the reliable operation of the Bulk-Power System.”<sup>10</sup> NERC explains that the consolidation of the reliability-based requirements of the currently-effective MOD A Standards into a single standard focused exclusively on requirements necessary to protect reliability “is consistent with the ERO’s jurisdiction over reliability matters and NERC’s primary mission to develop standards that support the reliable operation of the Bulk-Power System.”<sup>11</sup> With regard to other provisions of the Existing MOD A Standards, NERC recognizes that:

Certain of the requirements from the Existing MOD A Standards that are not included in the proposed Reliability Standard may be necessary for market or commercial purposes. Accordingly, NERC formally requested that NAESB, which administers business practice standards for the electric industry, consider whether any of the “retired” requirements are appropriate for incorporation into NAESB’s WEQ Standards to help maintain a non-discriminatory market for transmission service. NERC understands that NAESB, working through its business practice development process, is considering whether to incorporate into its WEQ Standards those elements from the Existing MOD A Standards, if any, that relate to commercial or business practices.<sup>12</sup>

8. NERC explains that proposed Reliability Standard MOD-001-2 helps ensure that: (1) ATC/AFC and total transfer capability and total flowgate capacity determinations account for system limits and relevant system conditions; (2) ATC/AFC, total transfer capability, total flowgate capacity, capacity benefit margin<sup>13</sup> and transmission reliability margin<sup>14</sup> methodologies are documented and available to any registered entity with a demonstrated reliability need for such

information; (3) the data supporting those determinations are available to those entities who need such data to conduct their own determinations; and (4) any entity with a reliability need has a mechanism for requesting that the transmission service provider or the transmission operator respond to requests for clarifications regarding their ATC/AFC, total transfer capability, total flowgate capacity, capacity benefit margin and transmission reliability margin methodologies.

9. Further, NERC states that the proposed Reliability Standard addresses the Commission directives in Order No. 729, to the extent that the directives relate to the reliability requirements retained in proposed MOD-002-1.<sup>15</sup> According to NERC, NAESB may consider whether Commission directives that relate to requirements not retained in the proposed Reliability Standard are appropriately addressed in its Wholesale Electric Quadrant (WEQ) Standards.

10. NERC proposes six requirements in proposed Reliability Standard MOD-001-2.<sup>16</sup> Requirements R1 through R4 require documentation of the methodologies for determining ATC/AFC, total transfer capability, total flowgate capacity, capacity benefit margin and transmission reliability margin, respectively. Requirements R5 and R6 address information and data sharing. In particular, Requirement R5 requires each transmission operator and transmission service provider to provide, upon request, a written response to any request for clarification of its methodologies described in Requirements R1 through R4. Requirement R6 provides a data sharing mechanism that allows each transmission operator and transmission service provider to access the best available data (e.g., load forecasts, expected dispatch, planned outages) for use in methodologies described in Requirements R1 through R4.

<sup>7</sup> Order No. 693, FERC Stats. & Regs. ¶ 31,242 at P 1010.

<sup>8</sup> *Id.* PP 1020-1034.

<sup>9</sup> *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on clarification*, Order No. 729-A, 131 FERC ¶ 61,109 (2010), *order on reh’g*, Order No. 729-B, 132 FERC ¶ 61,027 (2010).

<sup>10</sup> Petition at 2.

<sup>11</sup> *Id.* at 27.

<sup>12</sup> *Id.*

<sup>13</sup> Capacity benefit margin is a component of ATC/AFC and “represents the amount of transmission capacity that needs to be set aside for Load Serving Entities (LSEs) to meet certain generation reliability requirements.” Petition at 3.

<sup>14</sup> Transmission reliability margin is a component of ATC/AFC and “represents the amount of transmission transfer capacity that needs to be set aside to establish margins for system reliability.” *Id.*

<sup>15</sup> *Id.* at 6, 28-37.

<sup>16</sup> Proposed Reliability Standard MOD-001-2 is not attached to the NOPR. The complete text of the Reliability Standard is available on the Commission’s eLibrary document retrieval system in Docket No. RM14-7-000 and is posted on the ERO’s Web site, available at <http://www.nerc.com>.

### Implementation Plan

11. NERC requests that the Commission approve proposed Reliability Standard MOD-001-2 and the retirement of the Existing MOD A Standards effective on the first day of the first calendar quarter that is 18 months after the date that the proposed standard is approved by the Commission.<sup>17</sup> NERC states that the proposed implementation period “is intended to provide NAESB sufficient time to include in its WEQ Standards, prior to the effective date of proposed MOD-001-2 and the retirement of the Existing MOD A Standards, those requirements from the Existing MOD A Standards, if any, that relate to commercial or business practices and are not included in proposed Reliability Standard MOD-001-2.”<sup>18</sup> NERC adds that if NAESB and its members determine that requirements from the Existing MOD A Standards need to be incorporated into the WEQ Standards, 18 months will provide NAESB time, working through its business practice development process, to adopt revised WEQ Standards and for the Commission to incorporate by reference those revised WEQ Standards into its regulations. NERC states that if the proposed implementation period does not provide NAESB sufficient time to consider the issues, “NERC is committed to working with NAESB and Commission staff to address any timing issues.”<sup>19</sup> Further, NERC states that it has requested that NAESB adopt any revised WEQ Standards to become effective on the same date that the proposed MOD-001-2 and the retirement of the Existing MOD A Standards will become effective.

### III. Discussion

12. Pursuant to section 215(d)(2) of the FPA, the Commission proposes to approve Reliability Standard MOD-001-2 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. We also propose to approve the associated violation risk factors and violation severity levels as well as the retirement of the currently-effective MOD A Standards as requested by NERC.

13. Proposed Reliability Standard MOD-001-2 appears to adequately address the Commission concerns and directives in Order Nos. 890, 693 and 729. In addition, it appears that proposed Reliability Standard MOD-001-2 will enhance reliability by imposing

mandatory requirements governing ATC calculations, thereby providing greater transparency to the methodologies used for the reliability components of the ATC equation.<sup>20</sup> We also believe that there is merit in NERC’s proposal to consolidate the reliability-based requirements of the Existing MOD A Standards into a single standard, while coordinating with NAESB to develop NAESB WEQ Standards that pertain to the commercial aspects of ATC calculations. We seek comment on this aspect of NERC’s proposal.

14. With regard to the implementation plan, NERC explains that the proposed effective date—the first day of the first calendar quarter that is 18 months after Commission approval—is designed to allow NAESB to develop related commercial standards that would take effect concurrently with MOD-001-2. While NERC’s implementation schedule appears reasonable, we are concerned about a potential “gap” should the retirement of the currently-effective MOD A Standards occur prior to effective date of corresponding NAESB WEQ business practices. Accordingly, we seek comment from NAESB and others whether 18 months from the date of Commission approval provides adequate time for NAESB to develop related business practices associated with ATC calculations or whether additional time may be appropriate to better assure synchronization of the effective dates for the proposed Reliability Standard and related NAESB practices. Further, while NERC states that it is “committed to working with NAESB and Commission staff to address any timing issues,”<sup>21</sup> we seek further elaboration on specific actions NERC could take to assure synchronization of the effective dates.

### IV. Information Collection Statement

15. The collection of information contained in this Notice of Proposed Rulemaking is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.<sup>22</sup> OMB’s regulations require approval of certain information collection requirements imposed by agency rules.<sup>23</sup> Upon approval of a collection(s) of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a rule will not be penalized for failing to respond to these collections of information unless the

collections of information display a valid OMB control number.

16. We solicit comments on the need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents’ burden, including the use of automated information techniques. Specifically, the Commission asks that any revised burden or cost estimates submitted by commenters be supported by sufficient detail to understand how the estimates are generated.

17. This notice proposes to approve Reliability Standard MOD-001-2 and to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Proposed Reliability Standard MOD-001-2 will ensure that ATC calculations are determined in a manner that supports the reliable operation of the Bulk-Power System and that the methodology and data underlying those determinations are disclosed to those registered entities that need such information for reliability purposes.

*Public Reporting Burden:* Proposed Reliability Standard MOD-001-2 does not require responsible entities to file information with the Commission. However, the Reliability Standard requires applicable entities to develop and maintain certain information, subject to audit by a regional entity. In particular, transmission owners and transmission service providers, with the exception of transmission owners and transmission service providers within the Electric Reliability Council of Texas (ERCOT), must “have evidence” to show that methodologies of total flowgate capability or total transfer capability and AFC and ATC, as well as capacity benefit margin and transmission reliability margin methodologies. Our estimate below regarding the number of respondents is based on the NERC compliance registry as of March 26, 2014. According to the NERC compliance registry, NERC has registered 170 transmission operators (excluding transmission operators within ERCOT) and 93 transmission service providers (excluding transmission service providers in ERCOT). However, under NERC’s compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting. The number of unique entities responding will be approximately 186 entities registered as a transmission operator or a transmission service provider

<sup>17</sup> See Petition at 38 and Exhibit B (Implementation Plan) at 1.

<sup>18</sup> *Id.* at 38.

<sup>19</sup> *Id.*

<sup>20</sup> See, e.g., Petition at 17, 22, 24, 26, and 30–31.

<sup>21</sup> Petition at 38.

<sup>22</sup> 44 U.S.C. 3507(d) (2012).

<sup>23</sup> 5 CFR 1320.11 (2013).

(excluding transmission operators and transmission service providers in ERCOT). The Commission estimates the annual reporting burden and cost as follows:

|                                                                                                            | Number and type of respondents                  | Annual number of responses per respondent | Total number of responses | Average burden and cost per response | Total annual burden hours and total annual cost | Cost per respondent <sup>24</sup> |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------|---------------------------|--------------------------------------|-------------------------------------------------|-----------------------------------|
|                                                                                                            | (1)                                             | (2)                                       | (1) * (2) = (3)           | (4)                                  | (3) * (4) = (5)                                 | (5) ÷ (1)                         |
| (One-time) Review and documentation of methodology for TFC or TTC and TRM.                                 | 170 (TOP) .....                                 | 1                                         | 170                       | 20 hrs. and \$1192 .....             | 3,400 hours and \$202,708                       | \$1192                            |
| (One-time) Review and documentation of methodology for AFC or ATC and CBM.                                 | 93 (TSP) .....                                  | 1                                         | 93                        | 20 hrs. and \$1192 .....             | 1,860 hours and \$110,893                       | \$1192                            |
| (On-going) Record retention (of methodology) and requests for data.                                        | 170 (TOP) + 93 (TSP) <sup>25</sup> ..           | 1                                         | 186                       | 2 hrs. and \$57.90 .....             | 372 hours and \$10,769 ....                     | \$57.90                           |
| (On-going) Retirement of Transmission Planner, Load-Serving Entity, and Balancing Authority applicability. | 180 (TP) + 492 (LSE) + 107 (BA) <sup>26</sup> . | 1                                         | -551                      | -3 hrs. and -\$178.86 ....           | -1,653 hours and -\$98,551.86.                  | -\$178.86                         |
| (On-going) Retirement of non-reliability function requirements.                                            | 170 (TOP) + 93 (TSP) ....                       | 1                                         | -186                      | -16 hrs. and -\$953.92 ..            | -2,976 and -\$177,429.12.                       | -\$953.52                         |
| Total .....                                                                                                | .....                                           | -288                                      | .....                     | 1003, \$48,389.02.                   |                                                 |                                   |

**Title:** Mandatory Reliability Standards for the Bulk-Power System: MOD Reliability Standards.

**Action:** Proposed FERC-725L.

**OMB Control No:** 1902-0261

**Respondents:** Businesses or other for-profit institutions; not-for-profit institutions.

**Frequency of Responses:** One-time and ongoing.

**Necessity of the Information:** Reliability Standard MOD-001-2, if adopted, would implement the Congressional mandate of the Energy Policy Act of 2005 to develop mandatory and enforceable Reliability Standards to better ensure the reliability of the nation's Bulk-Power System. Specifically, the purpose of the proposed Reliability Standard is to ensure that determinations of ATC are determined in a manner that supports the reliable operation of the Bulk-Power System and that the methodology and data underlying those determinations are disclosed to those registered entities that need such information for reliability purposes. The proposed Reliability Standard requires entities to maintain records subject to review by

the Commission and NERC to ensure compliance with the Reliability Standard.

**Internal Review:** The Commission has reviewed the requirements pertaining to the proposed Reliability Standard for the Bulk-Power System and determined that the proposed requirements are necessary to meet the statutory provisions of the Energy Policy Act of 2005. These requirements conform to the Commission's plan for efficient information collection, communication and management within the energy industry. The Commission has assured itself, by means of internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

18. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director, email: [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov), phone: (202) 502-8663, fax: (202) 273-0873].

19. Comments concerning the information collections proposed in this NOPR and the associated burden estimates should be sent to the Commission in these dockets and may also be sent to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by email to OMB at the following email address: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov).

Please reference FERC-725Q and the docket numbers of this Notice of Proposed Rulemaking (Docket No. RM14-7-000) in your submission.

**V. Regulatory Flexibility Act Certification**

20. The Regulatory Flexibility Act of 1980 (RFA)<sup>27</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a proposed rule and that minimize any significant economic impact on a substantial number of small entities. The Small Business Administration's (SBA's) Office of Size Standards develops the numerical definition of a small business.<sup>28</sup> The SBA recently revised its size standard for electric utilities (effective January 22, 2014) to a standard based on the number of employees, including affiliates (from a standard based on megawatt hours).<sup>29</sup> Under SBA's new size standards, generator owners, distribution providers, and transmission owners likely come under one of the following categories and associated size thresholds:<sup>30</sup>

- Hydroelectric power generation, at 500 employees

<sup>24</sup> The estimated hourly costs (salary plus benefits) are based on Bureau of Labor and Statistics (BLS) information (available at [http://bls.gov/oes/current/naics3\\_221000.htm#17-0000](http://bls.gov/oes/current/naics3_221000.htm#17-0000)) for an electrical engineer (\$59.62/hour for review and documentation), and for a file clerk (\$28.95/hour for record retention).

<sup>25</sup> 170 TOPs and 93 TSPs result in 186 unique and separate respondents for the record retention requirement.

<sup>26</sup> 180 TPs, 492 LSEs, and 107 BAs result in 551 unique and separate respondents.

<sup>27</sup> 5 U.S.C. 601-612.

<sup>28</sup> 13 CFR 121.101 (2013).

<sup>29</sup> SBA Final Rule on "Small Business Size Standards: Utilities," 78 FR 77343 (12/23/2013).

<sup>30</sup> 13 CFR 121.201, Sector 22, Utilities.

- Fossil fuel electric power generation, at 750 employees
- Nuclear power generation, at 750 employees
- Other electric power generation (e.g. solar, wind, geothermal, and others), at 250 employees
- Electric bulk power transmission and control, at 500 employees
- Electric power distribution, at 1,000 employees.

21. Based on U.S. economic census data,<sup>31</sup> the approximate percentages of small firms in the above categories varies from 24 percent to 94 percent. However, currently the Commission does not have information on how the economic census data compare with entities registered with NERC and is unable to estimate the number of small transmission service providers and transmission operators using the new SBA definitions. Regardless, the Commission recognizes that the rule will likely impact small transmission service providers and transmission operators and estimates the economic impact on each entity below.

22. Proposed Reliability Standard MOD-001-2 will serve to enhance reliability by imposing mandatory requirements governing total flowgate capability or total transfer capability and AFC or ATC methodologies, as well as capacity benefit margin and transmission reliability margin methodologies, to be used in modeling. The Commission estimates that each of the small entities to whom proposed Reliability Standard MOD-001-2 applies will incur one-time compliance costs of \$1,192 (i.e. the cost of drafting methodologies), plus paperwork and record retention costs of \$57.90 (annual ongoing).<sup>32</sup> Per entity, the total one-time implementation costs are estimated to be \$1,192 (including paperwork and non-paperwork costs) and the annual ongoing costs are estimated to be \$57.90.

23. Furthermore, the removal of applicable entities from the proposed retirement of Reliability Standards reduces the total burden on transmission providers, load-serving entities, and balancing authorities for an annual savings of \$238.48 per entity.<sup>33</sup>

<sup>31</sup> Data and further information are available from SBA available at <http://www.sba.gov/advocacy/849/12162>.

<sup>32</sup> The one-time paperwork-related implementation cost estimate is based on a burden of 20 hours at \$59.62/hour, and the annual record-keeping cost estimate is based on a burden of 2 hours at \$28.95/hour. See *supra* at 21 and P 1 note/39.

<sup>33</sup> \$238.48 = \$59.62 (hourly review and documentation cost) + \$178.86 (cost per entity due to retirement of applicability of TPs, LSEs, and BAs).

Additionally, NERC proposes the retirement of several requirements because they do not have a reliability purpose for the transmission operators and transmission service providers. This retirement results in an annual savings of \$1,192.40 per entity. The Commission does not consider the estimated costs per small entity to have a significant economic impact on a substantial number of small entities. Accordingly, the Commission certifies that this NOPR will not have a significant economic impact on a substantial number of small entities.

#### VI. Environmental Analysis

24. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.<sup>34</sup> The Commission has categorically excluded certain actions from this requirement as not having a significant effect on the human environment. Included in the exclusion are rules that are clarifying, corrective, or procedural or that do not substantially change the effect of the regulations being amended.<sup>35</sup> The actions proposed herein fall within this categorical exclusion in the Commission's regulations.

#### VII. Comment Procedures

25. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due August 25, 2014. Comments must refer to Docket No. RM14-7-000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

26. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

27. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission,

<sup>34</sup> *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Regulations Preambles 1986-1990 ¶ 30,783 (1987).

<sup>35</sup> 18 CFR 380.4(a)(2)(ii).

Secretary of the Commission, 888 First Street NE., Washington, DC 20426.

28. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

#### VIII. Document Availability

29. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street NE., Room 2A, Washington DC 20426.

30. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

31. User assistance is available for eLibrary and the Commission's Web site during normal business hours from the Commission's Online Support at (202) 502-6652 (toll free at 1-866-208-3676) or email at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

By direction of the Commission.

Issued: June 19, 2014.

**Nathaniel J. Davis, Sr.,**

*Deputy Secretary.*

[FR Doc. 2014-14850 Filed 6-25-14; 8:45 am]

**BILLING CODE 6717-01-P**

## DEPARTMENT OF VETERANS AFFAIRS

### 38 CFR Part 38

RIN 2900-AO99

### Reimbursement for Caskets and Urns for Burial of Unclaimed Remains in a National Cemetery

**AGENCY:** Department of Veterans Affairs.

**ACTION:** Proposed rule.

**SUMMARY:** The Department of Veterans Affairs National Cemetery Administration (NCA) proposes to