The costs to fuel providers and State fleets in complying with the proposed rule varies depending upon vehicle type, fuel type and fuel consumption, but in no case are the annual costs estimated to exceed \$61 million per year. More typically, the estimated annual costs are approximately \$25 million, decreasing to \$10 million per year in later years. In reaching these conclusions, the Department took into account the fact that some alternative fuel providers may not operate vehicles solely on the fuel they provide and may have to purchase other alternative fuels at retail prices. Retail fuel prices for all alternative fuels were used in the analysis. These prices have three main components: (1) The wholesale fuel cost; (2) the cost of transporting the fuel from production points to retail outlets; and (3) the retail outlet mark-ups.

In one scenario, the annual costs to State fleets decreased to a point where it is estimated that these fleets would incur savings as a result of complying with the proposed rule. This scenario assumes that the most popular alternative fueled vehicles will be flexible-fuel vehicles that can operate on gasoline and/or methanol. Because the proposed rule does not impose a fuel use requirement on State fleets, it is logical to assume that States will choose to operate these vehicles on the fuel which costs less at a certain point in time; currently that fuel is gasoline. It is expected that the nominal incremental cost for these vehicles, together with the fact that their operation and refueling is identical to a gasoline-only version, should make them very attractive to State fleet managers. The expected popularity of these vehicles, combined with estimates that show methanol prices falling below gasoline by model year 2001, result in annual cost savings to State fleets, starting with model year 2005, in the range of \$400,000 to \$1 million.

In order to provide commenters with a better understanding of the effects of this proposal, the Department plans to make revisions and improvements to its analysis before the close of the comment period. To aid in this effort, the Department seeks comments on all aspects of its analysis. In particular, the Department is interested in comment on the following elements of the analysis: the retail and net-of-excise-tax future price projections for gasoline and alternative fuels; the assumption that alternative fueled vehicle purchases, that would result in apparent life-cycle cost savings, would not occur in the absence of this rule; and the assumption that the cost per gallon of gasoline displaced falls as the amount of gasoline

displaced increases. The Department would also be interested in data that would aid in estimating the extra refueling costs for "covered persons" whose fleets use fuels other than the one they themselves provide, e.g., a natural gas pipeline company whose alternative fueled vehicles operate on methanol or ethanol.

## VII. Review Under the Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, was enacted by Congress to ensure that small entities do not face significant negative economic impact as a result of Government regulations. In instances where significant impacts are possible on a substantial number of entities, agencies are required to perform a regulatory flexibility analysis.

DOE has determined that this proposed rule will not have a significant negative impact on a substantial number of small entities. To be covered by this rulemaking, an organization must own, operate or control at least 50 light duty motor vehicles, of which at least 20 light duty motor vehicles used primarily within a single MSA or CMSA must be capable of being centrally fueled. An organization that fits this description is usually not a small organization, but one of medium size or larger.

## VIII. Review Under the Paperwork Reduction Act

New information collection requirements subject to the Paperwork Reduction Act, 44 U.S.C. 3501, et seq., and recordkeeping requirements are proposed by this rulemaking. Accordingly, this notice has been submitted to the Office of Management and Budget for review and approval of paperwork requirements. The information DOE proposes to collect as reporting requirements is necessary to determine whether an organization is in compliance with the proposed regulation and whether they are eligible for the allocation of alternative fueled vehicle credits. The frequency of the information collection is annually and is due four months after the end of the compliance period. It is estimated the number of organizations submitting reports will be approximately 1000 for the years 1996 through 1999. The estimated number of organizations who will be submitting reports after that date has not been determined and is subject to the DOE decision on future rulemakings.

The public reporting burden is estimated to average 12 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and retrieving the collection of information. The collection of information contained in this proposed rule is considered the least burdensome for the Department of Energy functions to comply with the legal requirements and achieve program objectives. However, comments are requested concerning the accuracy of the estimated paperwork reporting burden.

## IX. Review Under the National Environmental Policy Act

The provisions of this proposed rule would establish procedures for the implementation of an Alternative Fuel Transportation Program to assist in and monitor the progress of State fleet and certain alternative fuel providers compliance activity. The proposed rule provides for reporting procedures to demonstrate compliance with the alternative fueled vehicle acquisition mandates as specified by Title V of the Energy Policy Act of 1992, and includes proposed procedures for interpretive rulings, exemption, appeals, and the approval process for State plans.

The proposed rule would also establish and define the parameters for who must comply, the parts of a vehicle inventory which are affected by the acquisition mandates, the allocation of credits for voluntary acquisitions, the investigation and enforcement in the assessment of civil penalties, and the contents of a State's light duty alternative fueled vehicle plan. Because of the foregoing non-procedural parts of the proposed rule, the Department has determined that preparation of an Environmental Assessment (EA) is appropriate. The Department will complete the EA and any further analysis found to be required prior to the issuance of a final rule.

## X. Impact on State Governments

Section 1(b)(9) of Executive Order 12866 ("Regulatory Planning and Review''), 58 FR 51735 (September 30, 1993) established the following principle for agencies to follow in rulemakings: "Wherever feasible, agencies shall seek views of appropriate State, local, and tribal officials before imposing regulatory requirements that might significantly or uniquely affect those governmental entities. Each agency shall assess the effects of Federal regulations on State, local, and tribal governments, including specifically the availability of resources to carry out those mandates, and seek to minimize those burdens that uniquely or significantly affect such governmental entities, consistent with achieving