information required by special
condition SC23.1583(h) and by this
paragraph. These procedures must be
in the form of guidance material, including
any relevant limitations or information.
(5) An explanation of significant or
unusual flight or ground handling
characteristics of the airplane.
SC23.A Effects of contamination on
natural laminar flow airfoils.
In the absence of specific
requirements for airflow contamination,
airplane airfoil designs that have airflow
pressure gradient characteristics and
smooth aerodynamic surfaces that may
be capable of supporting natural laminar
flow must comply with the following:
(a) It must be shown by tests, or
analysis supported by tests, that the
airplane complies with the requirements of
§§ 23.141 through 23.207, 23.233,
23.251, 23.253 (and any changes made
to these paragraphs by these special
conditions) with any airflow
contamination that would normally be
encountered in service and that would
cause significant adverse effects on the
handling qualities of the airplanes,
resulting from the loss of laminar flow.
(b) Significant performance
degradations identified as resulting from
the loss of laminar flow must be
provided as part of the information
required by special conditions
SC23.1585 and SC23.1587.
Issued in Kansas City, Missouri on October
Michael Gallagher,
Manager, Small Airplane Directorate, Aircraft
Certification Service.
[FR Doc. 98–29301 Filed 10–30–98; 8:45 am]
BILLING CODE 4910–13–U

FEDERAL TRADE COMMISSION

16 CFR Part 305
Rule Concerning Disclosures
Regarding Energy Consumption and
Water Use of Certain Home
Appliances and Other Products
Required Under the Energy Policy and
Conservation Act ("Appliance Labeling
Rule")

AGENCY: Federal Trade Commission.
ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Trade
Commission ("the Commission") proposes amending Appendix F to its
Appliance Labeling Rule ("the Rule") to
eliminate the "Front-Loading" and
"Top-Loading" sub-categories for
clothes washers.

DATES: Written comments will be
accepted until December 17, 1998.

ADDRESSES: Written comments should be
directed to: Secretary, Federal Trade
Commission, Room H–159, Sixth St.
and Pennsylvania Ave., NW,
Washington, DC 20580. Comments
about this proposed amendment to the
Appliance Labeling Rule should be
identified as: "Appliance Labeling Rule
Clothes Washer Categories, 16 CFR Part
305—Comment."

FOR FURTHER INFORMATION CONTACT:
James Mills, Attorney, Division of
Enforcement, Rm 4616, Federal Trade
Commission, Washington, DC 20580
(202–326–3035).

SUPPLEMENTARY INFORMATION:

I. Background

A. The Commission’s Appliance
Labeling Rule

The Commission issued the
Appliance Labeling Rule on November
19, 1979, pursuant to a directive in
section 324 of Title III of the Energy
Policy and Conservation Act of 1975, 42
U.S.C. 6294 ("EPCA"). The Rule
requires manufacturers to disclose
energy information about major
household appliances to enable
consumers purchasing appliances to
compare the energy use or efficiency of
competing models. When published,
the Rule applied to eight appliance
categories: Refrigerators, refrigerator-
freezers, freezers, dishwashers, water
heaters, clothes washers, room air
conditioners, and furnaces. Since then,
the Commission has expanded the
Rule’s coverage five times: in 1987
(certain air conditioners, heat pumps,
and certain new types of furnaces, 52 FR
46888 (Dec. 10, 1987)); 1989
(fluorescent lamp ballasts, 54 FR 28031
(July 5, 1989)); 1993 (certain plumbing
products, 58 FR 54955 (Oct. 25, 1993));
and twice in 1994 (certain lighting
products, 59 FR 25176 (May 13, 1994)),
and pool heaters and certain other types
of water heaters (59 FR 49556 (Sept. 28,
1994)).

Manufacturers of all covered
appliances must disclose specific energy
consumption or efficiency information at
the point of sale in the form of an
"EnergyGuide" label affixed to the
covered product. The information on the
EnergyGuide also must appear in
catalogs from which covered products
can be ordered. Manufacturers must
derive the information from
standardized tests that EPCA directs the
Department of Energy ("DOE") to
promulgate. 42 U.S.C. 6293.

Manufacturers of furnaces, central air
conditioners, and heat pumps also
must provide fact sheets showing
additional cost information or be listed
in an industry directory that shows the
cost information for their products.

Required labels for appliances and
required fact sheets for heating and
cooling equipment must include a
highlighted energy consumption or
efficiency disclosure and a "range of
comparability," which appears as a bar
on the label below the main energy use
or efficiency figure, that shows the
highest and lowest energy consumption
or efficiencies for all similar appliance
models. Labels for clothes washers and
some other appliance products also
must disclose estimated annual
operating cost based on a specified
national average cost for the fuel the
appliances use.

B. Ranges of Comparability and the
Categories in Appendix F

The "range of comparability" on the
EnergyGuide is intended to enable
consumers to compare the energy
consumption or efficiency of the other
models (perhaps competing brands) in
the marketplace that are similar to the
labeled model they are considering.
Section 305.8(b) of the Rule, 16 CFR
305.8(b), requires manufacturers to
report annually (by specified dates for
each product type) the estimated annual
energy consumption or energy
efficiency ratings for the appliances
derived from the DOE test procedures.

To keep the required information on
labels consistent with these changes, the
Commission publishes new range
figures (but not more often than annually)
for manufacturers to use on their labels.
If an analysis of the reported
information indicates that the upper or
lower limits of the ranges have changed
by more than 15%, 16 CFR 305.10.
Otherwise, the Commission publishes a
statement that the prior ranges remain
in effect for the next year.

Each category of the products covered
by the Rule is divided to some extent
into sub-categories for purposes of the
ranges of comparability. These
subcategories, which are the same as
those developed by DOE in connection
with its efficiency standards program,
are based on fuel type, size, and/or
functional features, depending on the
type of product.

When the Commission published the
Rule in 1979, the clothes washer
category in Appendix F was divided into
the sub-categories "Standard" and
"Top-Loading."
consumer demand for high-efficiency has promoted the manufacture of and petition, CEE stated that, since 1994, it
``Compact'' sub-categories. In its
Appendix F to eliminate the ``Front-
Commission to amend the Rule by
support is provided to CEE by DOE and the
public interest groups, research and development
national markets for super-efficient technologies,
non-profit, public benefit corporation that expands
benefit consumers. Accordingly, the
in a front loading washer. The Commission
useful. For example, consumers wanting to
having the other configuration may not be
respecting the energy usage of products
one configuration, and information
typical door configurations for these products
washers (generally top-loading). Because the
more energy-efficient than vertical axis
products.
CEE explains that, because the most highly
energy-efficient clothes washers are all
EnergyGuide comparison only among front-loading
models provides an incomplete picture of the efficiencies available in the
clothes washer market. According to the
petition, the least efficient of the high-
ficiency``FrontLoading'' clothes washers,
will, of necessity, appear at the ``Uses
Most Energy'' end of the comparability range on the label attached to it, even
though it consumes only half the energy
that the average top-loading model does. This situation, according to CEE,
confuses consumers and creates the
erroneous impression that these highly-
efficient products (when compared to
top-loading models) are high energy
users.

CEE also asserts that the current front-
loading and top-loading subdivisions are particularly problematic in
connection with the DOE/EPA Energy
Star Program. Under that Program, all
front-loading clothes washers produced by
manufacturers participating in the
Program will qualify for the Energy Star
logo. This means that the label on the
least energy efficient of these highly
efficient products will indicate that the
product ``Uses Most Energy'' while also
bearing the Energy Star endorsement.
CEE believes that this situation will
create consumer confusion and
undermine the credibility of both the
EnergyGuide and Energy Star Programs.
In addition, CEE points out that the
Canadian EnerGuide appliance labeling
program (which is very similar to the
EnergyGuide Program) does not
distinguish between front-loading and
top-loading clothes washers for range
purposes. The Canadian Program
divides the clothes washer category into
only the ``Compact'' and ``Standard''
sub-categories.
Finally, CEE asserts that technological
advances in the clothes washer industry
have begun to soften the distinction between the
front-loading and top-
loading subdivisions. As examples, CEE
cites the Maytag Neptune model, which has a basket that operates on an axis that
is 15 degrees off of vertical and an
opening mounted on a plane angled
between the top and front of the
machine (Maytag classifies this as a
front-loading model), and the Staber
Industries horizontal axis model that
loads from the top (and is thus a top-
loading model). CEE maintains that,
perhaps in recognition of this incipient
blurring of the distinction between the
subdivisions, DOE is considering
eliminating the separate classes from its
testing and standards program. CEE
urges that the Commission grant its
petition to help achieve consistency on
this issue at the federal level.

II. Discussion
A. Market Changes
The market for clothes washers has
changed since the Commission

2 According to its Mission Statement, CEE is a
non-profit, public benefit corporation that expands
national markets for super-efficient technologies,
using market transformation strategies. Its members
include Fortune 500 companies, utilities, public
interest groups, research and development
organizations, and state energy offices. Major
support is provided to CEE by DOE and the
Environmental Protection Agency ("EPA").

3 A summary by CEE of the results of the intercept
interviews and surveys CEE conducted in its petition
has been placed on the public rulemaking
record.

4 There is an exception, mentioned later in CEE's
petition: One manufacturer makes a horizontal-axis,
high-efficiency washer that loads from the top and
is thus classified as a "Top Loading" model.
promulgated the “Front-loading” and “Top-loading” subdivisions. While in 1993-94 front-loading machines may merely have been a “niche” product, as suggested by AHAM’s comment (referenced in I.B., above), the availability of and technology for these products have advanced considerably since that time. There are currently ten front-loading models out of the total of 228 models that were reported to the Commission in March of this year, compared to the five models offered in 1993-94. CEE’s research suggests that a significant proportion of consumers are shopping for clothes washers and are receptive to the idea of buying a more efficient front-loading machine—even if they began by looking for a top-loading model. This, coupled with the significant increase in availability of front-loading models, suggests that eliminating the distinction between the two subdivisions on labels could result in more purchases of the more efficient products.

There are other indications that the current “Front-loading” and “Top-loading” subdivisions may be causing confusion among consumers shopping for clothes washers. Commission staff has received two letters, dated April 27, 1998, and May 19, 1998, in support of CEE’s petition from the Office of Energy of the Oregon Department of Consumer and Business Services (“Oregon Energy Office,” or “OEO”). In the April 27 letter, the Oregon Energy Office asserts that there is no reason for or benefit from leaving the subdivisions of the clothes washer category as they are. In the May 19 letter, OEO reiterates its support, noting the specific example of the Maytag Neptune model and stating that DOE does not consider loading method in its clothes washer test procedure and is considering phasing the top-loading and front-loading subdivisions out of the energy standards for the clothes washer product category. In both letters, the Oregon Energy Office expresses concern that consumers are confused by the current subdivisions and that such confusion undermines consumer confidence in the EnergyGuide itself, which, according to OEO, has been rising steadily since the Rule was promulgated in 1979.

This consumer confusion may occur because, although the label for clothes washers states that “Only standard size, front-loading (or top-loading) clothes washers are used in this scale,” not all consumers may notice the disclosure. Consumers looking at top-loading machines may not realize how much more efficient front-loading models are, and may not even consider purchasing a front-loading model simply because the energy consumption figures for front-loading machines are not included in the ranges appearing on labels for top-loading models. And, consumers shopping for front-loading machines may get the incorrect impression that some of the most efficient models (front-loading) on the market are not really highly energy efficient, only because they are being compared unfavorably to other even higher-efficiency models (also front-loading), instead of to the less efficient top-loading models. Finally, because some front-loading clothes washers that have qualified for the Energy Star logo are shown on the EnergyGuide to be at or near the “Uses Most Energy” end of the comparability bar, this may cause consumer confusion about the Energy Star Program.

On the other hand, without the subdivisions, it may be more difficult for consumers to determine the range of energy use possibilities for each type of washer. Thus, for a consumer who, because of price or some other reason, wishes to purchase a top-loading washer, the proposed amendment would make it more difficult to determine which top-loading machine achieves the highest energy efficiency possible for a top-loader. Although a given retail outlet will likely have several brands and models for comparison, and such a consumer would be able to find the most efficient top-loader in the store by comparing EnergyGuides, the consumer still would not know whether he should seek other choices, say, by going to another retailer. Consumers’ search costs should not be significantly increased, however, because consumers already do not know the range of possibilities for other characteristics (such as price) of the washer, and thus already need to search various retailers.

B. The DOE Energy Conservation Standards and Possible Changes to the DOE Test Procedure

DOE has announced that it may eliminate any reference to front-loading or top-loading (or horizontal-or vertical-axis) in its standards for clothes washers. In connection with its review of the energy and water consumption standards for clothes washers, DOE published an Advance Notice of Proposed Rulemaking on November 14, 1994, in which it indicated its intention to consider only two classes for the clothes washer category—“Compact” and “Standard.” 59 FR 56423, at 56425. Later in the review process, DOE issued a Draft Report on Design Options for Clothes Washers for use in a November 1996 DOE workshop in which DOE again proposed reducing the number of clothes washer categories to “Compact” and “Standard.” In July 1997, DOE published a draft Clothes Washer Rulemaking Framework, which DOE staff describes as a “roadmap” for the review process. In that document, DOE stated that it “believes that there is no basis for maintaining separate classes for horizontal and vertical clothes washers.”

Thus, when DOE completes its review of the clothes washer standards rule, it is reasonable to expect that DOE will no longer use the “Front-loading” and “Top-loading” (or “horizontal-axis” and “vertical-axis”) subdivisions to describe clothes washers.

In an August 14, 1998 letter to Commission staff, DOE’s Assistant Secretary for Energy Efficiency and Renewable Energy asked that the Commission consider eliminating the top-loading and front-loading subcategories for clothes washers because they are causing consumer confusion about washer efficiency and appear to be undermining the Energy Star Program’s credibility. The Assistant Secretary also stated that, although the amendments to DOE’s rules will not take effect for several years, DOE believes “that it is in the consumer’s best interest for FTC to adopt the new classifications for labeling purposes as soon as possible.” Therefore, the Commission seeks comment on whether, if the proposed amendment were adopted, it should postpone the effective date to coincide with DOE’s changes, or whether the proposed amendment should be issued and effective regardless of the timing of any changes regarding clothes washer categories that DOE may make to its standards rule.

6 These products may have been considered a niche market in part because they were so much more expensive than top-loading models and because they may have been favored by consumers with limited space looking for stackable models. Although front-loading models are on average still more expensive than top-loading, the price differential is now much smaller. See “A New Spin on Clothes Washers,” Consumer Reports (July 1998).

7 These two letters have been placed on the public rulemaking record.

8 Although the current DOE test procedure for clothes washers (“Appendix J”) contains separate definitions for “front-loader,” “top-loader-horizontal-axis,” and “top-loader-vertical-axis” clothes washers, it does not materially distinguish between top-loading or front-loading, or horizontal axis or vertical axis, in measuring the energy consumption of clothes washers. 10 CFR part 430, subpart 8, Appendix J, 1.7, 1.23, and 1.24 (1998).
C. The Canadian EnerGuide Program

Does Not Distinguish Between “Top-Loading” and “Front Loading”

Over the past few years, the Commission has taken action to harmonize the Rule’s labeling requirements with those of the EnerGuide Program in accordance with the North American Free Trade Agreement (NAFTA) goals of reducing or eliminating non-tariff barriers to trade (e.g., labeling requirements). The Commission staff has worked with staff at Natural Resources Canada (“NRCan”) since 1992 to harmonize the two countries’ appliance labeling programs as much as possible (e.g., the Commission changed the primary energy use descriptor for most appliances from estimated annual operating cost to kilowatt-hours per year (the descriptor used in the EnerGuide Program), and simplified the EnergyGuide by removing the cost grids, making the standards-related measures of the treaty signatories compatible, thereby facilitating trade among the parties.

III. Request for Comment

A. General Information for Commenters

The Commission requests interested persons to submit written comments on any issue of fact, law or policy that may bear upon the proposed amendment. Although the Commission welcomes comments on any aspect of the proposed amendment, the Commission is particularly interested in comments on the questions listed below. All written comments should state clearly the question or issue that the commenter wishes to address.

The Commission requests that commenters provide representative factual data in support of their comments. Individual firms’ experiences are relevant to the extent they typify industry experience in general or the experience of similarly-sized firms. Comments opposing the proposed amendment should, if possible, suggest specific alternatives. Proposals for alternatives to the proposed amendment should include reasons and data that indicate why the alternatives would better serve the requirements of the Appliance Labeling Rule. Comments should be supported by a full discussion of all the relevant facts and/or be based on firsthand knowledge, personal experience, or general understanding of the particular issues addressed.

CCE’s March 5, 1998 petition, its research results, the letters from the Oregon Energy Office, and written comments submitted will be available for public inspection in accordance with the Freedom of Information Act, 5 U.S.C. 552, where applicable, and Commission regulations on normal business days from 8:30 a.m. to 5 p.m. at the Federal Trade Commission, 6th St. and Pennsylvania Ave., NW., Room 130, Washington, DC 20580.

B. Questions for Comment

The Commission is particularly interested in comments addressing the following questions and issues:

1. What is the effect of the current “Top-Loading” and “Compact” subcategories for clothes washer categories further into top-loading and front-loading (or horizontal-axis and vertical-axis) subdivisions.\(^9\) Thus, eliminating the “Top-loading” and “Front-loading” subdivisions also would have the salutary effect of promoting international harmonization and furthering the NAFTA goal of making the standards-related measures of the treaty signatories compatible, thereby facilitating trade among the parties.

2. To what extent do consumers looking for a new clothes washer shop exclusively for either a top-loading or a front-loading model? To what extent do they shop without looking specifically for either type of washer?

3. What would be the economic impact on manufacturers of the proposed amendment? Who would incur those costs? What would be the costs of the proposed amendment? Who would receive those benefits?

4. What would be the benefits of the proposed amendment? Who would receive those benefits? What would be the costs of the proposed amendment? Who would incur those costs?

5. What would be the benefits and economic impact of the proposed amendment on small businesses?

6. If the Commission eliminates the current “Top-Loading” and “Front-Loading” subdivisions from Appendix F, should the only remaining descriptors of clothes washer capacity be “Standard” and “Compact,” or should there be additional descriptors? For example, should the Commission require that the internal tub volume of clothes washers, in cubic feet or in gallons (or both), also be required on labels for clothes washers?

7. If DOE were to amend its clothes washer standards rule as discussed in II.B., above, and the Commission were to adopt the amendment proposed today, should the Commission postpone the effective date to coincide with DOE’s changes, or should it issue and make effective the proposed amendment regardless of the timing of any changes in clothes washer categories that DOE may make to its standards rule?

IV. Regulatory Flexibility Act

This notice does not contain a regulatory analysis under the Regulatory Flexibility Act (“RFA”), 5 U.S.C. 603-604, because the Commission believes that the proposed amendment, if adopted, would not have “a significant economic impact on a substantial number of small entities,” 5 U.S.C. 605. The proposed amendment would not impose any new requirements on manufacturers of clothes washers. Instead, it would require less information than is currently required on labels that clothes washer manufacturers already must affix to their products. The Commission, therefore, believes that the impact of the proposed amendment on all entities within the affected industry, if any, would be de minimis.

In light of the above, the Commission certifies, pursuant to section 605 of the RFA, 5 U.S.C. 605, that the proposed amendment would not, if promulgated, have a significant impact on a substantial number of small entities. To ensure that no substantial economic impact is being overlooked, however, the Commission solicits comments concerning the effects of the proposed amendment, including any benefits and burdens on manufacturers or consumers and the extent of those benefits and burdens, beyond those imposed or conferred by the current Rule, that the proposed amendment would have on manufacturers, retailers, or other sellers. The Commission is particularly interested in comments regarding the effects of the proposed amendment on small businesses. After reviewing any comments received, the Commission will determine whether it is necessary to prepare a final regulatory flexibility analysis if it determines to promulgate the amendment.

V. Paperwork Reduction Act

The Paperwork Reduction Act (“PRA”), 44 U.S.C. 3501 et seq., requires...
VII. Proposed Amendment

In consideration of the foregoing, the Commission proposes to amend title 16, chapter I, subchapter C of the Code of Federal Regulations, as follows:

PART 305—RULE CONCERNING DISCLOSURES REGARDING ENERGY CONSUMPTION AND WATER USE OF CERTAIN HOME APPLIANCE AND OTHER PRODUCTS REQUIRED UNDER THE ENERGY POLICY AND CONSERVATION ACT ("APPLIANCE LABELING RULE")

1. The authority for part 305 continues to read as follows:

   Authority: 42 U.S.C. 6294.

2. Appendix F to part 305—Clothes Washers is revised to read as follows:

   Appendix F To Part 305—Clothes Washers

   Range Information

   “Compact” includes all household clothes washers with a tub capacity of less than 1.6 cu. ft. or 13 gallons of water.

   “Standard” includes all household clothes washers with a tub capacity of 1.6 cu. ft. or 13 gallons of water or more.

<table>
<thead>
<tr>
<th>Capacity</th>
<th>Range of Estimated Annual Energy Consumption (kWh/yr.)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compact</td>
<td>...........................................................................</td>
<td>592</td>
<td>607</td>
</tr>
<tr>
<td>Standard</td>
<td>...........................................................................</td>
<td>241</td>
<td>1231</td>
</tr>
</tbody>
</table>

By direction of the Commission.

Donald S. Clark, Secretary.

[FR Doc. 98-29287 Filed 10-30-98; 8:45 am]

BILLING CODE 6750-01-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 5

[Docket No. FR–4321–N–04]

RIN 2501–AC49

Uniform Financial Reporting Standards for HUD Housing Programs; Intent To Issue Technical Amendment

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Intent to issue technical amendment.

SUMMARY: The purpose of this document is to advise the public that within the next few weeks HUD will publish a final rule to make a technical amendment to its new regulations creating uniform financial reporting standards, issued on September 1, 1998. The technical amendment will change the April 30, 1999 date to June 30, 1999, only for the first year of compliance with these standards.

FOR FURTHER INFORMATION CONTACT: For further information contact Kenneth Hannon, Office of Housing, Department of Housing and Urban Development, 451 Seventh St., SW, Room 6274, Washington, DC 20410; telephone (202) 708–0547, ext. 2599 (this is not a toll-free number). Persons with hearing or speech impairments may access that number via TTY by calling the Federal Information Relay Service at (800) 877–8399.

SUPPLEMENTARY INFORMATION: On September 1, 1998 (63 FR 46582), HUD published a final rule that established uniform annual financial reporting standards for HUD’s Public Housing, Section 8 housing, and multifamily insured housing programs. The rule provides that the financial information already required to be submitted to HUD on an annual basis under program requirements is to be submitted electronically to HUD and to be prepared in accordance with generally accepted accounting principles. The rule also established annual financial report filing dates for the covered entities.

The September 1, 1998 rule provides an April 30, 1999 annual report submission date (for the first year of compliance only) for (1) owners of housing assisted under Section 8 project-based housing assistance payments programs, described in § 5.801(a)(3) of the new rule, and owners of multifamily projects receiving direct or indirect assistance from HUD, or with mortgages insured, coinsured, or held by HUD, including but not limited to housing under certain HUD programs described in § 5.801(a)(4) of the new rule; and (2) which group of owners have fiscal years ending December 31, 1998. The April 30, 1999 date with its proximity to Federal income tax filing deadline makes conversion to the new reporting system and completion of the required report by April 30, 1999 burdensome for affected entities. The final rule that HUD plans to issue will change the April 30, 1999 date to June 30, 1999 for the first year of reporting only.