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End of Draft Generic Letter

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Dated in Rockville, Maryland, this 22nd day of July 2005.

For the Nuclear Regulatory Commission.

Patrick L. Hiland,

Chief, Reactor Operations Branch, Division of Inspection Program Management, Office of Nuclear Reactor Regulation.

[FR Doc. 05-15124 Filed 7-29-05; 8:45 am]

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OFFICE OF MANAGEMENT AND BUDGET

Executive Office of the President; Performance of Commercial Activities

AGENCY: Office of Management and Budget (OMB), Executive Office of the President.

ACTION: Update to Federal Pay Raise Assumptions, Inflation Factors, and Costing Software Used in OMB Circular No. A-76, "Performance of Commercial Activities."

SUMMARY: OMB is updating the annual federal pay raise assumptions and inflation cost factors used for computing the government's personnel and non-pay costs in public-private competitions conducted pursuant to Office of Management and Budget (OMB) Circular A-76. These annual pay raise assumptions and inflation factors are based on the President's Budget for Fiscal Year 2006. OMB is also providing notice of an update to "COMPARE," the costing software agencies use when conducting public-private competitions.

DATES: *Effective date:* These changes are effective immediately and shall apply to all public-private competitions performed in accordance with OMB Circular A-76, as revised in May 2003, where the performance decision has not

been certified by the government before this date.

FOR FURTHER INFORMATION CONTACT:

Mathew Blum, Office of Federal Procurement Policy (OFPP), NEOB, Room 9013, Office of Management and Budget, 725 17th Street, NW., Washington, DC 20503, Tel. No. 202-395-4953.

Availability: Copies of OMB Circular A-76 may be obtained on the Internet at the OMB home page at www.whitehouse.gov/omb/circulars/index.html#numerical. Paper copies of the Circular may be obtained by calling OFPP (tel: (202) 395-7579). The COMPARE software may be accessed at <http://www.compareA76.com>.

Joshua B. Bolten,
Director.

Memorandum for the Heads of Executive Departments and Agencies

From: Joshua B. Bolten, Director.

Subject: Update of Annual Federal Pay Raise Assumptions, Certain Inflation Factors, and Costing Software Used in OMB Circular A-76, Performance of Commercial Activities.

This memorandum updates the annual federal pay raise assumptions and inflation cost factors used for computing the government's personnel and non-pay costs in public-private competitions conducted pursuant to Office of Management and Budget (OMB) Circular A-76. These annual pay raise assumptions and inflation factors are based on the President's Budget for Fiscal Year 2006. The memorandum also provides notice of an update to "COMPARE." COMPARE is the software agencies use to calculate costs and document performance decisions in public-private competitions.

1. *Federal pay raise assumptions.* The following Federal pay raise assumptions (including geographic pay differentials) that are in effect for 2005 shall be used for the development of government personnel costs. The pay raise factors provided for 2006 and beyond shall be applied to all government personnel with no assumption being made as to how they will be distributed between possible locality and base pay increases.

FEDERAL PAY RAISE ASSUMPTIONS*

Effective date	Civilian (percent)	Military (percent)
January 2005	3.5	3.5

FEDERAL PAY RAISE ASSUMPTIONS*—Continued

Effective date	Civilian (percent)	Military (percent)
January 2006	2.3	3.1

*Federal pay raise assumptions have not been established for pay raises subsequent to January 2006. For January 2007 and beyond, the projected percentage change in the Employment Cost Index (ECI), 4.2 percent should be used to estimate government personnel costs for public-private competitions. In future updates to cost factors in the Circular, as pay policy for years subsequent to 2006 is established, these pay raise assumptions will be revised.

2. *Inflation factors.* The following non-pay inflation cost factors are provided for purposes of public-private competitions conducted pursuant to Circular A-76 only. They reflect the generic non-pay inflation assumptions used to develop the fiscal year 2006 budget baseline estimates required by law. The law requires that a specific inflation factor (GDP FY/FY chained price index) be used for this purpose. These inflation factors should not be viewed as estimates of expected inflation rates for major long-term procurement items or as an estimate of inflation for any particular agency's non-pay purchases mix.

NON-PAY CATEGORIES

[Supplies, equipment, etc.]

	(percent)
FY 2005	2.0
FY 2006	2.0
FY 2007	2.1
FY 2008	2.1
FY 2008	2.1
FY 2010	*2.1

*Any subsequent years included in the period of performance shall continue to use the 2.1% figure, until otherwise revised by OMB.

3. *COMPARE Update.* Revisions to Circular A-76, issued by OMB in May 2003, require agencies to use "COMPARE" when calculating costs in public-private competitions. This software incorporates the costing procedures of the revised Circular to ensure all agencies calculate and document the costs of public and private sector performance in a standardized manner when conducting public-private competitions under the Circular. The Department of Defense (DOD) maintains COMPARE on OMB's behalf.

DOD has completed a version update to COMPARE. COMPARE Version 2.1: (1) Improves the functionality of the software, (2) applies updated tax rate information (*i.e.*, from the updated tax

rate table) to establish the adjusted cost of private sector performance, (3) fully automates the calculation of contract administration costs to ensure consistent agency application of this factor in competitions, and (4) updates terminology to reflect changes made when the Circular was revised in May 2003. The software also provides an optional baseline costing capability that may be used at an agency's discretion or as otherwise prescribed in agency guidance (e.g., for determining preliminary planning baseline costs and evaluating savings from completed competitions).

COMPARE Version 2.1 replaces Version 2.0 and interim instructions issued when OMB revised the Circular. Agencies shall use COMPARE Version 2.1 to calculate costs for all public-private competitions performed pursuant to the revised Circular A-76 where a performance decision has not been certified by the government by the effective date identified in the **Federal Register** notice accompanying the publication of this memorandum. As explained above, however, the baseline costing feature is currently optional and may be used at the agency's discretion or as otherwise prescribed in agency guidance.

COMPARE Version 2.1, and updated tables are located at <http://www.compareA76.com>.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-28003]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

July 26, 2005.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by August 19, 2005, to the Secretary,

Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After August 19, 2005, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Black Hills Corporation, et al. (70-10237)

Black Hills Corporation ("Black Hills"), a registered public-utility holding company, Black Hills Power, Inc. ("Black Hills Power") and Cheyenne Light, Fuel and Power Company, both electric-utility subsidiaries (together, "Utility Subsidiaries"), Black Hills Energy, Inc. ("Black Hills Energy"), a nonutility subsidiary, and all of Black Hills other subsidiaries (collectively, "Subsidiaries"), all located at 625 Ninth Street, Rapid City, SD 57701 (collectively, "Applicants"), have filed with the Commission a post-effective amendment to their previously filed application-declaration, as amended ("Application") under sections 6(a), 7, 9(a), 10, 11, 12(b) and (c), 13(b), 32, 33 and 34 of the Act and rules 42, 43, 45, 52, 53, 54, 58 and 88 through 92.

I. Background

Black Hills is an integrated energy company engaged in three lines of business: (1) The generation, transmission, distribution and sale of electricity to retail and wholesale customers; (2) through Black Hills Energy and its subsidiaries, the development, ownership and operation of exempt wholesale generators, as defined in section 32 of the Act, and qualifying facilities as defined in the Public Utility Regulatory Policies Act of 1978, the production, transportation and marketing of natural gas, oil, coal and other energy commodities, power marketing and other energy-related activities; and (3) exempt telecommunications activities.¹ Black Hills also has a service subsidiary, Black Hills Services Company, Inc., to provide centralized services (such as accounting, financial, human resources, information

technology and legal services) to the companies in the Black Hills system.

On December 28, 2004, the Commission authorized Black Hills and its Subsidiaries to engage in various financing, and certain related, transactions.² The Financing Order authorized Black Hills to, among other things, establish and operate a Utility Money Pool and a Nonutility Money Pool (together, "Money Pools").

II. Requested Authority

Black Hills requests that it and its Subsidiaries be authorized to make certain modifications to the original arrangements for the Money Pools. In particular, Applicants propose to (1) modify the interest provisions of the Money Pools and (2) file quarterly money pool reports under rule 24.

Black Hills proposes to amend the Utility Money Pool and Nonutility Money Pool Agreements to clarify that each lender to either of the Money Pools may earn the same interest rate that the borrowers from the Money Pools pay. Black Hills also proposes that the interest rate charged on loans provided through the Money Pools will be the composite weighted average daily effective cost incurred by the lenders on externally obtained funds outstanding on that date. Applicants state that the daily effective cost shall be inclusive of interest rate swaps related to the external funds. In addition, Applicants propose that, if there are no external funds outstanding on a particular date, then the interest rate imposed will be the daily one-month LIBOR rate plus 100 basis points.

Black Hills was also authorized by the Financing Order to file various reports of financing-related activities on a quarterly basis. Applicants propose that, to the extent that money pool transactions are required to be reported under rule 24, Black Hills be allowed to submit cumulative reports of money pool transactions on a quarterly basis, rather than within ten days of each transaction as otherwise would be required under rule 24, on the schedule for quarterly rule 24 reports established in the Financing Order.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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¹ Applicants state that the exempt telecommunications businesses are under contract to be sold.

² *Black Hills Corporation, et al.*, Holding Company Act Release No. 27931 ("Financing Order").