

(5) Retrofitting or rebuilding pre-1993 engines if before half life (*e.g.*, prior to six years of bus life) to rebuild; “retrofit” means use of the latest after-market technology such as “upgrade kits,” or after-treatment devices that treat the exhaust after it has left the engine, such as catalytic converters and particulate filters.

(6) At the discretion of FTA, projects relating to clean fuel, biodiesel, hybrid electric, or zero emissions technology vehicles that achieve emissions reductions equivalent or superior to existing clean fuel or hybrid electric technologies.

§ 624.5 Application process.

(a) Pre-applications must be submitted to the appropriate FTA regional office no later than January 1 of each fiscal year. Subject to the availability of funds, FTA will apportion the funds based on the formula and the pool of applicants, no later than February 1 of each year. Once the applicant has been notified of the apportionment of funds and the eligibility of its application, it should proceed to complete and file the final application. The final application must be submitted electronically if the grantee is using the electronic application process (*i.e.*, TEAM).

(b) The pre-application consists of a Letter of Interest and a Pre-application Worksheet as described as follows:

(1) *Letter of interest.* This letter serves as the cover letter for the Pre-application Worksheet, expressing interest in submitting an application. It describes the overall clean fuel technology program of the agency, including the technology selected, describes the necessary infrastructure to support the program and the long-range objectives of the program including the eventual size of the clean fuel fleet. It summarizes the eligible activities for which the agency is applying and the amount of funds that the agency is seeking.

(2) *Pre-application worksheet.* Applicants must use the worksheet found in Appendix A to this part.

§ 624.7 Certification.

The applicant must use the certification contained in the Annual Notice of Assurances and Certifications pub-

lished in the FEDERAL REGISTER each October.

§ 624.9 Formula.

The Clean Fuels Formula funds will be apportioned according to the following formula:

(a) *Areas with population 1,000,000 and above.* Two thirds of the funds available each fiscal year shall be apportioned to applicants with eligible projects in urban areas with a population of 1,000,000 and above. Of this, 50 percent shall be apportioned so that each applicant receives a grant in an amount equal to the ratio between:

(1) The number of vehicles in the bus fleet of the eligible applicant, weighted by the severity of nonattainment for the area in which the eligible applicant is located; and

(2) The total number of vehicles in the bus fleets of all eligible applicants in areas with a population of 1,000,000 and above, weighted by the severity of nonattainment for all areas in which those eligible projects are located as provided in paragraphs (c) and (d) of this section. The remaining 50 percent shall be apportioned such that each designated recipient receives a grant in an amount equal to the ratio between:

(i) The number of bus passenger miles of the eligible designated recipient, weighted by the severity of nonattainment of the area in which the eligible applicant is located as provided in paragraphs (c) and (d) of this section.

(ii) The total number of bus passenger miles of all eligible applicants in areas with a population of 1,000,000 and above, weighted by the severity of nonattainment of all areas in which those eligible applicants are located as provided in paragraphs (c) and (d) of this section.

(b) *Areas under 1,000,000 population.* The formula for areas under 1,000,000 in population is the same as paragraph (a) of this section, except the formula removes the pool of eligible applicants in areas with a population of 1,000,000 and above and replaces it with the pool of eligible applicants in areas with populations under 1,000,000.

(c) *Weighting factors.* (1) The weighting factor for ozone shall be determined based on the following factors.

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(i) 1.0 if, at the time of the apportionment, the area is a maintenance area for ozone;

(ii) 1.1 if, at the time of the apportionment, the area is classified as a marginal ozone nonattainment area;

(iii) 1.2 if, at the time of the apportionment, the area is classified as a moderate ozone nonattainment area;

(iv) 1.3 if, at the time of the apportionment, the area is classified as a serious ozone nonattainment area;

(v) 1.4 if, at the time of the apportionment, the area is classified as a severe ozone nonattainment area;

(vi) 1.5 if, at the time of the apportionment, the area is classified as an extreme ozone nonattainment area;

(2) The weighting factor for CO shall be determined based on the factors:

(i) 1.0 if, at the time of the apportionment, the area is a maintenance area for carbon monoxide;

(ii) 1.2 if, at the time of the apportionment, the area is classified as a moderate carbon monoxide nonattainment area;

(iii) 1.3 if, at the time of the apportionment, the area is classified as a serious carbon monoxide nonattainment area.

(3) The number of buses in the fleet and the bus passenger miles shall be multiplied by the higher of the ozone or CO factors.

(d) *Additional adjustment.* The number of buses in the fleet and the bus passenger miles shall be further multiplied by a factor of 1.2 if the area is both nonattainment for CO and either nonattainment or maintenance for ozone.

(e) *Limitation on uses.* (1) Not less than 5 percent of the amount made available by or appropriated under 49 U.S.C. 5338 in each fiscal year to carry out this section shall be available for any eligible projects for which an application is received from a designated recipient for the purchase or construction of hybrid electric or battery-powered buses or facilities specifically designed to service those buses.

(2) Not more than 35 percent of the amount made available by or appropriated under 49 U.S.C. 5338 in each fiscal year to carry out this section may be made available to fund clean diesel buses.

(3) Not more than 5 percent of the amount made available by or appropriated under 49 U.S.C. 5338 in each fiscal year to carry out this section may be made available to fund 21 retrofitting or replacement of the engines of buses that do not meet the clean air standards of the Environmental Protection Agency, as in effect on the date on which the application for such retrofitting or replacement is submitted under § 624.5.

NOTE TO § 624.9. Maximum grant amount. The amount of a grant made to a designated recipient under this section shall not exceed the lesser of—for an eligible project in an area with a population of less than 1,000,000, \$15,000,000,—and for an eligible project in an area with a population of at least 1,000,000, \$25,000,000; or 80 percent of the total cost of the eligible project. Any amounts that would otherwise be apportioned to a designated recipient under this Note that exceed the amount described in this Note shall be re-apportioned among other designated recipients in accordance with this section.

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§ 624.11 Reporting.

(a) Recipients of financial assistance under 49 U.S.C. 5308 who purchase or lease hybrid electric, battery electric and fuel cell vehicles must report to the appropriate FTA regional office on a quarterly basis for the first three years of the useful life of the vehicle with the following information:

(1) Vehicle miles traveled;

(2) Fuel/energy costs;

(3) Vehicle fuel/energy consumption and oil consumption;

(4) Number of road calls or breakdowns resulting from clean fuel and advanced propulsion technology systems, and

(5) Maintenance costs associated with the clean fuels or advanced propulsion system.

(b) Recipients of financial assistance under 49 U.S.C. 5308 who purchase or lease compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG) vehicles may report the information described in paragraph (a) of this section, but this reporting is voluntary.

(c) Recipients of financial assistance under 49 U.S.C. 5308 who purchase or lease clean diesel vehicles should not