

realignment. There are no changes to the lists of maps required to document the boundaries of the amended Arroyo Seco and Santa Lucia Highlands viticultural areas.

Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. With the realignment of the Santa Lucia Highlands and Arroyo Seco viticultural areas, wine bottlers using "Santa Lucia Highlands" or "Arroyo Seco" in a brand name, including a trademark, or in another label reference as to the origin of the wine, must continue to ensure that the product is eligible to use the relevant viticultural area's name as an appellation of origin.

For a wine to be eligible to use as an appellation of origin the name of a viticultural area specified in part 9 of the TTB regulations, at least 85 percent of the grapes used to make the wine must have been grown within the area represented by that name, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible to use the viticultural area name as an appellation of origin and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the viticultural area name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label.

Different rules apply if a wine has a brand name containing a viticultural area name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name is the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

This rule is not a significant regulatory action as defined by Executive Order 12866 (58 FR 51735). Therefore, it requires no regulatory assessment.

Drafting Information

Nancy Sutton of the Regulations and Rulings Division drafted this document.

List of Subjects in 27 CFR Part 9

Wine.

The Regulatory Amendment

■ For the reasons discussed in the preamble, we amend 27 CFR, chapter 1, part 9, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

■ 1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

■ 2. Section 9.59 is amended by revising paragraph (c)(13), redesignating paragraphs (c)(14) through (c)(19) as (c)(16) through (c)(21), and adding new paragraphs (c)(14) and (c)(15) to read as follows:

§ 9.59 Arroyo Seco.

* * * * *

(c) * * *

* * * * *

(13) Then east-northeasterly along Clark Road for approximately 1,000 feet to its intersection with an unnamed light-duty road to the south.

(14) Then in a straight south-southeasterly line for approximately 1.9 miles to the line's intersection with the southeast corner of section 33, T18S, R6E (this line coincides with the unnamed light duty road for approximately 0.4 miles and then with the eastern boundaries of sections 29, 32 and 33, T18S, R6E, which mark this portion of the western boundary of the historical Arroyo Seco Land Grant).

(15) Then straight west along the southern boundary of section 33, T18S, R6E, to its southwest corner.

* * * * *

■ 3. Section 9.139 is amended by revising paragraphs (c)(9) and (c)(10), redesignating paragraphs (c)(11) through (c)(21) as (c)(12) through (c)(22), and adding a new paragraph (c)(11) to read as follows:

§ 9.139 Santa Lucia Highlands.

* * * * *

(c) * * *

* * * * *

(9) Then east-northeasterly along Clark Road for approximately 1,000 feet to its intersection with an unnamed light-duty road to the south.

(10) Then in a straight south-southeasterly line for approximately 1.9 miles to the line's intersection with the southeast corner of section 33, T18S, R6E (this line coincides with the

unnamed light duty road for about 0.4 miles and then with the eastern boundaries of sections 29, 32 and 33, T18S, R6E, which mark this portion of the western boundary of the historical Arroyo Seco Land Grant).

(11) Then straight west along the southern boundaries of sections 33, 32, and 31, T18S, R6E, to the southwest corner of section 31.

* * * * *

Dated: April 16, 2006.

John J. Manfreda,
Administrator.

Approved: May 25, 2006.

Timothy E. Skud,

Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

[FR Doc. E6-9365 Filed 6-14-06; 8:45 am]

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DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[T.D. TTB-47; Re: Notice No. 43]

RIN 1513-AA54

Expansion of the Livermore Valley Viticultural Area (2002R-202P)

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Final rule; Treasury decision.

SUMMARY: This Treasury decision expands the existing 96,000-acre Livermore Valley viticultural area into northern Alameda County and southern Contra Costa County, California. The expansion adds 163,000 acres to the Livermore Valley viticultural area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

DATES: *Effective Date:* July 17, 2006.

FOR FURTHER INFORMATION CONTACT: N.A. Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, California 94952; telephone 415-271-1254.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide consumers with adequate information regarding product

identity and prohibits the use of misleading information on those labels. The FAA Act also authorizes the Secretary of the Treasury to issue regulations to carry out its provisions. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers these regulations.

Part 4 of the TTB regulations (27 CFR part 4) allows the establishment of definitive viticultural areas and the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) contains the list of approved viticultural areas.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region distinguishable by geographical features, the boundaries of which have been recognized and defined in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to its geographical origin. The establishment of viticultural areas allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of a viticultural area is neither an approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations outlines the procedure for proposing an American viticultural area and provides that any interested party may petition TTB to establish a grape-growing region as a viticultural area. Petitioners may use the same procedure to request changes involving existing viticultural areas. Section 9.3(b) of the TTB regulations requires the petition to include—

- Evidence that the proposed viticultural area is locally and/or nationally known by the name specified in the petition;
- Historical or current evidence that supports setting the boundary of the proposed viticultural area as the petition specifies;
- Evidence relating to the geographical features, such as climate, soils, elevation, and physical features, that distinguish the proposed viticultural area from surrounding areas;
- A description of the specific boundary of the proposed viticultural area, based on features found on United

States Geological Survey (USGS) maps; and

- A copy of the appropriate USGS map(s) with the proposed viticultural area's boundary prominently marked.

Livermore Valley Viticultural Area Expansion Petition and Rulemaking

Background

TTB received a petition from the Livermore Valley Winegrowers Association proposing to expand the existing Livermore Valley viticultural area (27 CFR 9.46). As currently defined, the area is located in Alameda County and encompasses approximately 96,000 acres, of which 4,235 acres are devoted to vineyards. A total of 20 wineries operate in the viticultural area.

TTB also received from the Livermore Valley Winegrowers Association a petition proposing to expand the existing San Francisco Bay (27 CFR 9.157) and Central Coast (27 CFR 9.75) viticultural areas; that petition is addressed in a separate final rule document published in this issue of the **Federal Register**. Those proposed expansions correspond directly to the proposed Livermore Valley viticultural area expansion that is the subject of this document.

The petitioner requested an expansion of the Livermore Valley viticultural area to encompass both the valley floor and the flanking hills that define the valley's geography and watershed in Alameda County and in the southern part of Contra Costa County. The proposed expanded Livermore Valley viticultural area would be bounded by the Altamont Hills and Crane Ridge to the east, Cedar Mountain Ridge and Rocky Ridge to the south, Walpert Ridge and Rocky Ridge to the west, and the peak of Mount Diablo (the highest point of the Black Hills) to the north. The expansion of the Livermore Valley viticultural area would result in a viticultural area of 259,000 acres, of which 4,355 acres would be devoted to vineyards. A total of 24 wineries would operate within the proposed boundaries. The expansion, therefore, would add a total of approximately 163,000 acres, 120 acres of vineyards, and 4 wineries to the viticultural area.

Below, we summarize the evidence presented in the petition.

Name Evidence

The original final rule establishing the Livermore Valley viticultural area, Treasury Decision (T.D.) ATF-112, 47 FR 38520, September 1, 1982, details the derivation of the Livermore Valley as a place name and summarizes strong evidence of the Livermore Valley's local

and national renown as a vineyard region. As noted in "A Companion to California Wine" by Charles L. Sullivan and "The Wine Atlas of California" by James Halliday, the Livermore Valley continues to be well known as one of California's most historic wine regions.

The original viticultural area boundary was established by TTB's predecessor, the Bureau of Alcohol, Tobacco and Firearms (ATF), and encompasses land historically and geographically identified as the Livermore Valley growing region. Establishment of that boundary was based upon the boundary presented to ATF in the original petition. In the current petition, however, the petitioner has presented additional evidence to TTB to support the conclusion that lands immediately outside of and adjacent to the original Livermore Valley viticultural area boundary to the north, east, south, and west could be properly included in the viticultural area, based upon both shared name identification and shared geographical features. In addition, the proposed Livermore Valley viticultural area expansion areas contrast sharply with lands beyond these boundaries.

Wines & Vines of California" by Frona Eunice Wait, "American Wines" by Frank Schoonmaker, "Gorman on Premium California Wines" by Robert Gorman, and "The Winewright's Register" by Bruce Cass all document the Livermore Valley as a much larger area that encompasses the entire valley basin and surrounding hills. All four references recognize the Livermore Valley as reaching north to Mount Diablo, and all mention the hills that surround the Livermore Valley basin to the east, south, and west. As indicated in the discussion of *Boundary Evidence* below, the evidence defining the Livermore Valley in this broader context covers the region's viticultural history, from the 1880s to present.

Boundary Evidence

The Livermore Valley has a long grape-growing history and a strong regional identity. However, precise viticulture boundaries for the region were not defined until 1982, when ATF established the Livermore Valley viticultural area. The proposed boundary expansion includes those lands that, based on name identity and natural features, could have been included in the original viticultural area petition. Also, the proposed expansion boundaries maintain the historic and geographical integrity of viticulture within Livermore Valley.

Historical and current evidence documents that what is known as the

Livermore Valley includes the entire valley basin and its encircling hills, rather than the relatively limited portion of the valley floor encompassed in the original petition. In "Early Days in the Livermore-Amador Valley" by Merilyn Calhoun, published in 1973, the Livermore-Amador Valley is shown as reaching from Niles Canyon and Vallecitos in the south to Tassajara in the north and from the hills west of Pleasanton to the Altamont Pass and the eastern limits of Arroyo Seco to the east. Bulletin No. 118-2 from the California Department of Water Resources "Evaluation of Ground Water Resources: Livermore and Sunol Valley" features maps on land use and mean annual precipitation. These two publications show that the Livermore Valley stretches from Niles Canyon in the south, beyond the Alameda County-Contra Costa County line to the north, and from hills west of Pleasanton in the west to the Altamont Pass and the hills east of Livermore in the east. "Valley Profiles: A Photographic Essay on the Livermore Valley of California" by Hans Benhard, published in 1977, includes a map of the Livermore Valley that encompasses virtually the same area as that described in the other publications, that is, south to beyond Sunol, north to beyond Danville, west into the hills east of Pleasanton and Dublin, and east to Altamont Pass.

The Livermore Valley Winegrowers Association, which states that it represents the interests of the Livermore Valley growers and vintners, likewise substantiates a broader definition for the geographical region. The association's membership includes wineries and vineyards located in Palomares Canyon and Sunol along the western edge of the proposed expansion. The association's promotional brochure, "Livermore Valley Wine Country," features a map that shows this broader regional definition. Wentz Vineyards, one of the original Livermore Valley viticultural area petitioners in the early 1980s, also supports the expansion.

What is known as the Livermore Valley is considerably larger than the limited portion of the valley floor and southern hills included in the Livermore Valley viticultural area originally established in 1982. Natural topographic features, that is, mountain ranges and river drainages, primarily define the geography of the Livermore Valley. These natural topographic features and their influences distinguish the Livermore Valley and support expansion of the viticultural area to include the entire Livermore Valley and its encircling hills.

Distinguishing Features

The expanded Livermore Valley viticultural area would encompass land with the same geographical features as the current viticultural area. The uniformity of the distinguishing elements (climate, topography, and soils) is detailed below.

Climate and Topography

As stated in T.D. ATF-112, which established the Livermore Valley viticultural area, the valley has a moderate coastal climate that results from its proximity to San Francisco Bay and the Pacific Ocean. That final rule also cited cool marine winds and morning fog as important factors in moderating temperatures during the growing season and in keeping the area's vineyards relatively frost free in early spring.

The majority of vineyard acreage in the Livermore Valley viticultural area, as explained in T.D. ATF-112, is classified as Region III (3,001-3,500 degree days) under the University of California at Davis system of heat summation by degree days. A small portion of the area within the Livermore Valley is classified as Region II (2,501-3,000 degree days). Each degree that a day's mean temperature is above 50 degrees Fahrenheit, which is the minimum temperature required for grapevine growth, is counted as 1 degree day; see "General Viticulture," Albert J. Winkler, University of California Press, 1975.

Cumulative climatic data from the National Weather Service shows an average annual degree-day total of 3,425 in the town of Livermore (elevation 486 feet), the heart of the current Livermore Valley viticultural area. The only equivalent weather station in the proposed expanded viticultural area is located at Mount Diablo Junction on the 2,100-foot elevation line, just south of the proposed expanded northern boundary. Cumulative climatic data from this weather station shows an average total for the growing season of 3,359 degree days, which is in the same Region III range as most of the current Livermore Valley viticultural area.

The cool marine winds and morning fog enter the Livermore Valley from San Francisco Bay through gaps in the western hills of Alameda and Contra Costa Counties, specifically through Niles Canyon and Hayward Pass (at the top of Dublin Canyon), as detailed in the San Jose Astronomical Association material (<http://ephemeris.sjaa.net/0107/b.html>, search dated 10/01/01), and through Crow Canyon. Such cooling influences are not limited to a specific

section of the valley. As seen from the degree-day data above, they provide a relatively uniform climate throughout the Livermore Valley basin.

Developed by Waldimir Koppen in the early 20th century and based on temperature, precipitation, and vegetation, the Koppen (or "Koeppen") climate classification system also offers evidence of the uniform Livermore Valley climate. The "Koeppen Classification for California" map, developed by the University of Idaho, and the "Koppen Climate Chart" classify the Livermore Valley as "Csb" (Mediterranean: mild with dry, warm summer). The region is differentiated from the "Csa" (Mediterranean: mild with dry, hot summer) and "BSk" (Midlatitude steppe, midlatitude dry) classifications found to the east. Significantly, the boundary line between these climate classifications almost exactly duplicates the proposed eastern boundary of the expanded Livermore Valley viticultural area. With the entire Livermore Valley basin sharing the same climate, it is logical that the entire basin should be included in the Livermore Valley viticultural area.

The Livermore Valley basin's climate during the growing season represents a transition zone between the very cool, temperate, marine-influenced climate directly west and adjacent to San Francisco Bay and the hot, dry, diurnally (day versus night) differentiated climate to the east of the upper San Joaquin Valley. A clear indicator of the unique character of the Livermore Valley basin climate can be seen by comparing the average growing season degree-day totals at climate stations within the region to those that are east and west of the proposed expansion of the existing Livermore viticultural area at the same, or approximately same, latitude. The average degree-day total within the proposed expanded Livermore Valley viticultural area is fairly consistent—3,425 at Livermore and 3,359 at Diablo Junction. In contrast, the total at the Upper San Leandro Filtration Plant, directly west of the proposed expansion area, near San Francisco Bay, averages 2,461 degree days; the total at Tracy Carbona, directly east of the proposed expansion area in the San Joaquin Valley, averages 2,465 degree days.

The Livermore Valley basin, bounded by hills to the west and east, enjoys a climate distinct from the adjacent areas. The unique climate of the valley supports expansion of the viticultural area to its natural geographical boundaries.

Soils

Soils are a distinguishing feature that supports the proposed expansion of the Livermore Valley viticultural area. The proposed expansion area encompasses a geographical area significantly larger than the current Livermore Valley viticultural area; for both areas, the underlying geologic formations and the geological factors in soil formation are the same. Thus, the soils in the proposed expansion area are consistent with those of the original viticultural area.

As shown on the Geologic Map of California, the current Livermore Valley viticultural area and the proposed expansion area developed on the same geologic formations. Those formations include Pleistocene, alluvial, mostly nonmarine terrace deposits on the basin floor; Pleistocene, Pliocene, Miocene, and Cretaceous sandstone, shale, gravel, and conglomerate in the northern, eastern, and western hills; and Franciscan Complex fragmented and sheared sandstone in the southern hills.

The geological forces that formed the topography and soils in the proposed expansion of the Livermore Valley viticultural area are the same as those that formed the topography and soils of the original Livermore Valley viticultural area. Uplift and subsidence along several earthquake faults (among them, the Calaveras and Pleasanton faults to the west, the Greenwood fault to the east, and the Livermore and Tesla faults in the center of the valley) have shaped the region's topography. Erosion and weathering of base material on the slopes and deposition of sediment carried in runoff onto the valley floor have, over long periods of time, formed the soils of the region.

T.D. ATF-112 stated, "the main soil type is the Yolo-Pleasanton association with the Livermore gravelly and very gravelly series being prominent in the southern portion of the valley." This description represents a highly simplified review of the soils within the original viticultural area boundaries. According to the "Soil Survey of Alameda Area, California" by the United States Department of Agriculture, Soil Conservation Service, published in 1966, the portion of the Livermore Valley floor within the current viticultural area also includes the Positas-Perkins association (shallow gravelly loam on terraces) and the Clear Lake-Sunnyvale association (shallow clay in basins and on terraces).

Soils on the slopes of the current viticultural area and recorded in the survey include the Millsholm-Los Gatos-Los Osos association (well

drained to excessively drained soils that have low fertility, on moderately sloping to very steep slopes), the Altamont-Diablo association (well drained to excessively drained, clayey soils that have moderate or high fertility, on rolling to steep slopes), and the Vallecitos-Parris association (well drained to excessively drained, shallow loam and gravelly loam on steep or very steep slopes).

The "Soil Survey of Alameda Area, California" and the "Soil Survey of Contra Costa County, California," by the United States Department of Agriculture, Soil Conservation Service, published in 1977, both record that the same soils were mapped in the proposed expansion area and in the current viticultural area. Although the Altamont-Diablo and Clearlake-Sunnyvale associations in Alameda County and the Altamont-Diablo-Fontana and Clearlake-Cropley associations in Contra Costa County were mapped along the boundary of the two soil survey areas, the soils are virtually identical. The differences in soil names are the result of improvements in the classification of the soils, particularly modifications or refinements in soil series concepts.

Regarding vineyards, the soils in the proposed expanded Livermore Valley viticultural area are different from those in surrounding areas to the north and east; they are on the only sites where vineyards are suited in the immediate vicinity because of steep terrain, population density, and other limiting factors. To the north and east of the proposed boundary, the soils transition into the Brentwood-Rincon-Zamora association (level, well drained clay and silty clay loam on alluvial fans) and the Marcuse-Solan-Pescadero association (nearly level, poorly drained clay, loam, and clay loam on basin rims). Although suited to vineyards, these soils differ from those in the current Livermore Valley viticultural area and the proposed expansion area.

Evidence Summary

The entire Livermore Valley basin has the same moderate coastal climate as that of the existing Livermore Valley viticultural area and the same average degree-day totals. Also, the climatic data and supporting evidence show the Livermore Valley basin experiences the same cooling marine influences of wind and morning fog through the gaps in the western hills of Alameda and Contra Costa Counties as does the current viticultural area. Hence, both the existing Livermore Valley viticultural area and the broader Livermore Valley

basin experience the same unique climate.

Topographic and soil evidence indicates the same geologic formations are in the two areas. Clearly, the proposed expansion area and the current viticultural area have experienced the same geological forces. Allowing for differences in soil names resulting from improvements in the classification of the soils, the same soils are in both the proposed expansion area and the existing viticultural area. Unlike the climate, the soils in the proposed expansion area are not unique to the region. However, areas beyond the boundaries to the west and north—the only adjacent areas suited to grape growing—transition into soil associations unlike those in the current viticultural area or the proposed expansion area.

The distinguishing features of the original Livermore Valley viticultural area, including the climate and soils, are present in the proposed expansion area and provide sufficient evidence to meet the requirements of 27 CFR 9.3.

Notice of Proposed Rulemaking and Comments Received

On May 19, 2005, TTB published a notice of proposed rulemaking regarding the expansion of the Livermore Valley viticultural area in the **Federal Register** (70 FR 28873) as Notice No. 43. In that notice, TTB requested comments by July 18, 2005, from all interested persons. TTB received one comment in response to the notice. The comment supported the expansion of the Livermore Valley viticultural area and noted geographical and climatic similarities of the existing viticultural area and the proposed expansion area.

TTB Finding

After careful review of the petition and the submitted comment, TTB finds that the evidence submitted supports the expansion of the Livermore Valley viticultural area as requested in the petition. Therefore, under the authority of the Federal Alcohol Administration Act and part 4 of our regulations, we amend our regulations to expand the boundary of the Livermore Valley viticultural area in Alameda and Contra Costa Counties, California, effective 30 days from the publication date of this document.

Boundary Description

See the narrative boundary description of the expanded Livermore Valley viticultural area in the amended regulatory text published at the end of this document.

Maps

The petitioner provided the required maps, and we list them in the regulatory text.

Impact on Current Wine Labels

The expansion of the Livermore Valley viticultural area does not affect currently approved wine labels. The expansion may allow additional vintners to use "Livermore Valley" as an appellation of origin on their wine labels. Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. For a wine to be eligible to use as an appellation of origin the name of a viticultural area specified in part 9 of the TTB regulations, at least 85 percent of the grapes used to make the wine must have been grown within the area represented by that name, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). Different rules apply if a wine has a brand name containing a viticultural area name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

Regulatory Flexibility Act

We certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area name is the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

This rule is not a significant regulatory action as defined by Executive Order 12866, 58 FR 51735. Therefore, it requires no regulatory assessment.

Drafting Information

N.A. Sutton of the Regulations and Rulings Division drafted this notice.

List of Subjects in 27 CFR Part 9

Wine.

The Regulatory Amendment

■ For the reasons discussed in the preamble, we are amending title 27 CFR, chapter 1, part 9, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

■ 1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

■ 2. Section 9.46 is amended by revising paragraphs (b) and (c) to read as follows:

§ 9.46 Livermore Valley.

* * * * *

(b) *Approved maps.* The appropriate maps for determining the boundary of the Livermore Valley viticultural area are 13 United States Geological Survey 1:24,000 scale topographic maps. They are titled:

- (1) Clayton, CA (1953; Photorevised 1980; Minor Revision 1994);
- (2) Diablo, Calif. (1953; Photorevised 1980);
- (3) Tassajara, CA (1996);
- (4) Byron Hot Springs, Calif., (1953, Photorevised 1968);
- (5) Altamont, Calif., (1953, Photorevised 1981);
- (6) Midway, Calif., (1953, Photorevised 1980);
- (7) Cedar Mtn., CA, (1956, Photorevised 1971, Minor Revision 1994);
- (8) Mendenhall Springs, CA (1996);
- (9) La Costa Valley, CA (1996);
- (10) Niles, Calif., (1961, Photorevised 1980);
- (11) Dublin, Calif., (1961, Photorevised 1980);
- (12) Hayward, CA (1993); and
- (13) Las Trampas Ridge, CA (1995).

(c) *Boundary.* The Livermore Valley viticultural area is located in the State of California in Contra Costa and Alameda Counties. The Livermore Valley viticultural area's boundary is defined as follows:

- (1) The beginning point is on the Clayton map at the peak of Mount Diablo (VABM 3849) where the Mount Diablo Base Line and Mount Diablo Meridian Line intersect, T1S, R1E;
- (2) From the beginning point proceed southeast in a straight line for approximately 14 miles, crossing the Diablo and Tassajara maps, and pass onto the Byron Hot Springs map to the summit of Brushy Peak (elevation 1,702 feet), T1S, R2E; then
- (3) Continue due south in a straight line approximately 400 feet to the northern boundary of section 13, T2S, R2E; then
- (4) Proceed due east along the section 13 and section 18 northern boundary lines to the northeast corner of section 18, T2S, R3E; then
- (5) Continue southeast in a straight line approximately 1.8 miles to BM 720 in section 21, T2S, R3E, on the Altamont map; then
- (6) Continue south-southeast in a straight line approximately 1 mile to an

unnamed, 1,147-foot peak in section 28, T2S, R3E; then

(7) Continue south-southwest in a straight line approximately 1.1 miles to the intersection of the eastern boundary of section 32, T2S, R3E, with Interstate 580; then

(8) Continue southeast in a straight line approximately 2.7 miles to BM 1602 in Patterson Pass in section 10, T3S, R3E; then

(9) Continue south-southeast in a straight line approximately 2.8 miles to BM 1600, adjacent to Tesla Road in section 26, T3S, R3E, on the Midway map; then

(10) Continue south in a straight line approximately 4.2 miles, passing onto the Cedar Mtn. map, to BM 1878, 40 feet north of Mines Road, in section 14, T4S, R3E; then

(11) Proceed west-southwest in a straight line approximately 4.2 miles, passing onto the Mendenhall Springs map, to the southeast corner of section 19, T4S, R3E; then

(12) Continue west along the southern boundaries of section 19, T4S, R3E, and section 24, T4S, R2E, to the southwest corner of section 24; then

(13) Proceed north along the western boundary of section 24, T4S, R2E, to the southeast corner of section 14, T4S, R2E; then

(14) Continue west along the southern boundary of section 14, T4S, R2E, to its southwest corner and then proceed north along the western boundary of section 14 to its intersection with the Hetch Hetchy Aqueduct, T4S, R2E; then

(15) Follow the Hetch Hetchy Aqueduct west-southwest approximately 4.2 miles to the Aqueduct's intersection with the R1E/R2E range line on the La Costa Valley map, T4S; then

(16) Continue southwest in a straight line approximately 3.9 miles, crossing Apperson, Welsh, and Alameda Creeks, to BM 533 in section 10, T5S, R1E; then

(17) Proceed due west-northwest in a straight line approximately 1.9 miles, passing onto the Niles map, to the line's intersection with the eastern boundary of section 5 and the Fremont Boundary Line, T5S, R1E; then

(18) Continue northwest in a straight line approximately 1.1 miles to an unnamed, 1,291-foot peak in section 32, T4S, R1E; then

(19) Continue northwest in a straight line approximately 1.1 miles to an unnamed, 1,058-foot peak in section 30, T4S, R1E; then

(20) Continue northwest in a straight line approximately 3.8 miles, passing through BM 161 in section 11, T4S, R1W, until the line intersects Palomares

Road, a medium duty road, in section 11; then

(21) Follow Palomares Road in a northerly direction for approximately 0.7 miles to the road's intersection with the power transmission line shown in section 11, T4S, R1W; then

(22) Proceed northwest along the power transmission line for approximately 6.4 miles, passing through the Dublin map near Walpert Ridge, onto the Hayward map to the point where the power transmission line turns nearly west, approximately 500 feet south of an unnamed, 891-foot, peak, T3S, R2W; then

(23) Continue north-northwest in a straight line approximately 1.4 miles to an unnamed, 840-foot peak, T3S, R2W; then

(24) Proceed north-northeast in a straight line approximately 3.4 miles, returning to the Dublin map, to the point where the Contra Costa County-Alameda County line turns to the northwest, about 0.4 mile west of Wiedemann Hill (elevation 1,854 feet), section 20, T2S, R1W; then

(25) Proceed in a northwesterly direction along the meandering Contra Costa County-Alameda County line for approximately 6.0 miles, passing briefly onto the Hayward, Las Trampas Ridge, and Diablo maps, before returning to the Las Trampas Ridge map and continuing to the point where the Contra Costa County-Alameda County line turns to the west-northwest, section 35, T1S, R2W; then

(26) Continue north-northwest in a straight line approximately 2.7 miles to the summit of Las Trampas Peak (elevation 1,827 feet) in section 22, T1S, R2W; then

(27) Proceed east-northeast in a straight line approximately 8.8 miles, passing through the Diablo map, and return to the beginning point.

Dated: April 25, 2006.

John J. Manfreda,
Administrator.

Approved: May 25, 2006.

Timothy E. Skud,

Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044

Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: The Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in July 2006. Interest assumptions are also published on the PBGC's Web site (<http://www.pbgc.gov>).

DATES: Effective July 1, 2006.

FOR FURTHER INFORMATION CONTACT: Catherine B. Klion, Attorney, Legislative and Regulatory Department, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

SUPPLEMENTARY INFORMATION: The PBGC's regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) A set for the valuation of benefits for allocation purposes under section 4044 (found in Appendix B to part 4044), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in Appendix B to part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology (found in Appendix C to part 4022).

This amendment (1) adds to Appendix B to part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during July 2006, (2)

adds to Appendix B to part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during July 2006, and (3) adds to Appendix C to part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology for valuation dates during July 2006.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in Appendix B to part 4044) will be 6.30 percent for the first 20 years following the valuation date and 4.75 percent thereafter. These interest assumptions represent an increase (from those in effect for June 2006) of 0.10 percent for the first 20 years following the valuation date and are otherwise unchanged. These interest assumptions reflect the PBGC's recently updated mortality assumptions, which are effective for terminations on or after January 1, 2006. See the PBGC's final rule published December 2, 2005 (70 FR 72205), which is available at <http://www.pbgc.gov/docs/05-23554.pdf>. Because the updated mortality assumptions reflect improvements in mortality, these interest assumptions are higher than they would have been using the old mortality assumptions.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in Appendix B to part 4022) will be 3.50 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. These interest assumptions represent an increase (from those in effect for June 2006) of 0.25 percent for the period during which a benefit is in pay status and are otherwise unchanged.

For private-sector payments, the interest assumptions (set forth in Appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in Appendix B to part 4022).

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect current market conditions as accurately as possible.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during July 2006, the PBGC finds that good cause exists for making the assumptions set forth in this