

rules of section 6042 and the regulations thereunder. Thus, if a broker receives a substitute payment in lieu of a dividend on behalf of an individual customer and the broker does not have reason to know by January 31 of the year following the year in which the payment is received that the payment is in lieu of a dividend of a type described in paragraph (a)(3)(ii)(A)-(D) of this section, the broker must report with respect to the substitute payment if required in accordance with section 6042 and the regulations thereunder.

(i) *Effective date.* These regulations apply to substitute payments received by a broker after December 31, 1984.

Par. 2. Paragraph (a)(2) of § 1.6042-3 is amended by adding the following sentence to the end thereof.

§ 1.6042-3 Dividends subject to reporting.

(a) * * *
 (2) * * * See § 1.6045-2(T)(h) for coordination of the reporting requirements under sections 6042 and 6045(d) with respect to payments in lieu of dividends.
 * * * * *

Par. 3. Paragraph (a)(5) of § 1.6049-5 is amended by adding the following sentence to the end thereof.

§ 1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.

(a) * * *
 (5) * * * See § 1.6045-2(T) for reporting requirements with respect to payments in lieu of tax-exempt interest
 * * * * *

There is a need for immediate guidance with respect to the provisions contained in this Treasury decision. For this reason, it is found impracticable to issue it with notice and public procedure under subsection (b) of section 553 of Title 5 of the United States Code or subject to the effective date limitation of subsection (d) of that section.

This Treasury decision is issued under the authority contained in sections 6045 and 7805 of the Internal Revenue Code of 1954 (98 Stat. 699, 26 U.S.C. 6045, 68A Stat. 917, 26 U.S.C. 7805).

Roscoe L. Egger, Jr.,
Commissioner of Internal Revenue.

Approved: October 15, 1984.

Ronald A. Pearlman,
Acting Assistant Secretary of the Treasury.

[FR Doc. 84-28067 Filed 10-23-84; 8:45 am]
 BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 9

[T.D. ATF-187; Ref: Notice No. 418]

Alexander Valley Viticultural Area

AGENCY: Bureau of Alcohol, Tobacco, and Firearms, Treasury.

ACTION: Final rule, Treasury Decision.

SUMMARY: This final rule establishes a viticultural area located in northern Sonoma County, California, named "Alexander Valley." The viticultural area established by this final rule extends south from the Sonoma-Mendocino County line to the general vicinity of the peak known as Chalk Hill. This final rule is the result of petitions submitted by two local grape/wine industry groups, the Appellation Committee and an unnamed group, and the written and oral comments received by ATF regarding establishment of the viticultural area. The establishment of the viticultural area and the subsequent use of its name as an appellation of origin on wine labels and in wine advertisements will allow wine producers to claim a distinction as to the origin of the grapes from which their wine is made and will help consumers better identify the wines they may purchase.

EFFECTIVE DATE: November 23, 1984.

FOR FURTHER INFORMATION CONTACT: Jim Whitley, Regulations and Procedures Division, Bureau of Alcohol, Tobacco, and Firearms, 1200 Pennsylvania Avenue, NW., Washington, DC 20226 (202-568-7531).

SUPPLEMENTARY INFORMATION:

- I. Background
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I. Background

A. History

On August 23, 1978, the Bureau of Alcohol, Tobacco, and Firearms (ATF) published Treasury Decision ATF-53 (43 FR 36672, 54624) revising regulations in 27 CFR Part 4. The revised regulations allow the establishment of definite viticultural areas and the use on wine labels and in wine advertisements of approved viticultural area names as appellations of origin.

On October 2, 1979, ATF published Treasury Decision ATF-60 (44 FR 56692) adding 27 CFR Part 9, American Viticultural Areas, to the Code of Federal Regulations. Each viticultural area approved under 27 CFR Part 4 for use on American wine as an appellation of origin is listed in 27 CFR Part 9.

B. Regulatory Criteria

In 27 CFR 4.25a(e)(1), an American viticultural area is defined as a delimited grape growing region distinguishable by geographical features. The procedure for establishing an American viticultural area is listed in 27 CFR 4.25a(e)(2). Any interested person may petition ATF to establish a grape growing region as an American viticultural area. The petition should contain a visual and verbal representation of the boundaries. In addition, it must substantiate that the criteria for establishment of a viticultural area are satisfied. Consequently, the petition should contain the following information—

- (1) Evidence that the name of the viticultural area is locally and/or nationally known as referring to the area specified in the petition;
- (2) Historical or current evidence that the boundaries of the viticultural area are as specified in the petition; and
- (3) Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) which distinguish the viticultural features of the proposed area from surrounding areas.

C. Petitions and Proposed Areas

In 1981, the Appellation Committee and an unnamed group (hereinafter referred to respectively as Group A and Group B) petitioned ATF for establishment of a viticultural area in northern Sonoma County, California, to be known as "Alexander Valley."

The areas proposed by the petitioners for establishment as the viticultural area lie north of the town of Healdsburg in one of the geologic depressions or valleys formed by the Russian River. These proposed areas comprise an area

extending south from the Sonoma-Mendocino County line to the vicinity of the peak known as Chalk Hill. The proposals of Group A and Group B represent, respectively, the viewpoints of grape and wine industry members in the southern and northern portions of this area concerning establishment of an Alexander Valley viticultural area.

Group A proposed an area extending northwest from the peak known as Chalk Hill to just south of the town of Asti. Approximately 11,000 of the 35,000 acres encompassed by this proposal are used for viticulture. Group B proposed an area encompassing the area proposed by Group A and an adjoining area extending northward to the Sonoma-Mendocino County line. Approximately 1,700 of the additional 31,000 acres encompassed by this proposal are used for viticulture.

D. Notices

In response to the petitions, ATF published Notice No. 418 (47 FR 38221) on August 19, 1982, proposing establishment of an Alexander Valley viticultural area. The notice detailed the proposals of the petitioners and requested comments. ATF received seven comments in response to the notice. In consideration of the comments received, ATF determined that the public interest would best be served by holding a public hearing on the matter. Pursuant to Notice No. 444 (47 FR 57974), published on December 29, 1982, ATF held a hearing on January 24, 1983, in Santa Rosa, California, concerning establishment of the viticultural area. ATF heard oral comments from 29 persons and received 43 written comments during the post-hearing comment period.

E. Comments

ATF received no information from any source indicating opposition to the establishment of the viticultural area. However, numerous commenters expressed strong views of support or opposition concerning the boundaries proposed for the viticultural area. Moreover, several commenters submitted substantive evidentiary information pertaining to the name, boundaries, and geographical features of the proposed areas. In addition, three commenters in two separate proposals petitioned for the inclusion within the viticultural area of an additional two areas.

II. Decision

After extensive consideration of the evidence and comments presented regarding establishment of an Alexander Valley viticultural area, ATF

finds that the general area encompassed within the boundaries proposed by Group B merits establishment as the Alexander Valley viticultural area.

Although we recognize there is evidence which would support both groups of petitioners in this matter, ATF finds that the greater weight of evidence supports the Group B proposal. ATF finds that the general area encompassed within the boundaries proposed by Group B is locally and nationally referred to as Alexander Valley. In our view, Group B adequately demonstrated that their proposed area reflects the current definition of Alexander Valley. Further, the evidence clearly established that the geographical features which distinguish the viticultural features in the Group A area and the additional area proposed by Group B are virtually analogous. While there are differences, ATF finds there is insufficient evidence to indicate that these differences distinguish the proposed areas from one another. In addition, ATF finds that the Group B area possesses viticultural features different from the remaining surrounding areas which are distinguished by geographical features.

Based on the information currently at our disposal, ATF finds that the definition of a viticultural area contained in 27 CFR 4.25a (e)(1) and the criteria listed in 27 CFR 4.25a (e)(2) for establishment of viticultural areas are satisfied by the Group B proposal. Accordingly, the general area proposed by Group B is established by this final rule as the Alexander Valley viticultural area.

The viticultural area established by this final rule generally corresponds to the area proposed by Group B. However, their proposed boundaries are modified to exclude several mountainous areas and to include an area proposed by a commenter. The specific boundaries recognized for the viticultural area may be found at 27 CFR 9.53.

III. Evidence

The following summarizes the evidence on which this final rule is based. As applicable, the petitions, comments, and public hearing transcript and exhibits are cross referenced. This is indicated by parenthetical notations such as (Tr. pg. ***), (Hearing ex. ***), etc.

A. Name

Both groups of petitioners submitted evidence which clearly established that there exists an area in northern Sonoma County, California, with a substantial viticultural industry, known both historically and currently as the Alexander Valley. (Tr. pgs. 21-22, 114.)

The only dispute regarding the name Alexander Valley concerns the specific boundaries of the viticultural area known by that name. Accordingly, ATF finds, based on the evidence, that both groups of petitioners satisfied the criteria of 27 CFR 4.25a(e)(2)(i) concerning the name of the viticultural area.

B. Boundary

Group A maintains that their proposed area reflects the definition of Alexander Valley as it has existed for nearly 100 years and as recognized locally and nationally. They further contend that the additional area encompassed under the Group B proposal is not within the boundaries of the area historically and currently recognized as Alexander Valley. (Comment 7—Ltrs. dtd. 9/21/82, Tr. pgs. 14-15.)

In support of this claim, Group A submitted a report prepared for them by Mr. William F. Heintz, a wine historian, which discusses the geographic relationship of Cloverdale, the largest town in the additional area proposed by Group B, to the Alexander Valley. (Comment 7.) In addition, Mr. Heintz commented at the hearing in support of the Group A proposal. (Tr. pgs. 20-37.)

Through excerpts from late 19th and early 20th century publications and documents, the report established two primary sets of historical boundaries for the Alexander Valley. (Report pgs. 1-13.) In the early 19th century, the valley was defined as the lands on the east side of the Russian River extending from the northeastern boundary of the Sotoyomo land grant to the immediate vicinity of the present day Chalk Hill Road, or the holdings of Cyrus Alexander. By the turn of the century, the boundaries had expanded northward to the vicinity of the town of Geyserville and westward across the Russian River. (Tr. pgs. 22, 24.) Mr. Heintz contends there has not been much change in the boundaries of the Alexander Valley since then. (Tr. pg. 30.) The report then effectively established that neither Cloverdale residents, nor Italian Swiss Colony, the largest winery in the additional area proposed by Group B, refer to themselves as being in the Alexander Valley. (Report pgs. 13-74.) Mr. Heintz contends this demonstrates that the general public concept of Alexander Valley does not include the additional area proposed by Group B. (Tr. pgs. 15-17.) In the report and in his hearing comments, Mr. Heintz concluded that the original public concept of Alexander Valley expanded over the years to include the area around Geyserville.

However, he further concluded it never extended as far north as the area proposed by Group B. (Report pg. 77, Tr. pgs. 15, 21-26.)

In 1973, Simi Winery, then under the ownership of Mr. Russell Green, received ATF approval to use Alexander Valley as an appellation of origin on its labels. In connection with this approval, the "distinct designated grape and wine area" of Alexander Valley was defined and depicted as extending northward past Geyserville to the vicinity of the town of Chianti. (Group A petition, Schedule C.)

Group A maintains that these boundaries more accurately depicted the unique climatic and geographical features of the Alexander Valley growing region than did the holdings of Cyrus Alexander. In their view, these boundaries have become the accepted definition of the appellation. (Group A petition pg. 6.) They presented evidence that this definition is generally followed when the appellation "Alexander Valley" is used by vineyards and wineries. (Group A petition Schedule A, Tr. pgs. 42, 82-84.) They also maintain that wine enthusiasts, locally and nationally, currently recognize the "Alexander Valley" appellation as referring to the area encompassed by these boundaries. Many commenters also stated that they believe the area proposed by Group A reflects the definition of Alexander Valley. They maintain that the area is recognized by many local, state, and federal agencies, and identified in local real estate advertisements of Alexander Valley.

Group A acknowledges that the 1973 boundaries have been expanded somewhat northward to encompass certain geographical features seen as defining a valley. (Group A petition pg. 10, Tr. pg. 42.) In addition, they acknowledge some may argue that the northwestern boundary they have proposed should be placed at Geyserville since this would define what some see as being the valley and is more consistent with the holdings of Cyrus Alexander. (Group A petition pg. 10.) However, they maintain their proposed boundaries are similar to those set forth in 1973 and define the area currently recognized by the public as Alexander Valley.

Group A also presented evidence of a proprietary interest in the name "Alexander Valley." They base this claim on the fact that they were the first to use the name "Alexander Valley" as an appellation of origin and that through the time, money, and effort they have expended the name has become associated with premium quality wines from their proposed area. (Tr. pgs. 17, 98,

129.) In addition, they presented several economic reasons for not including the additional area proposed by Group B within the boundaries of the viticultural area. (Post-hearing comment 13.)

However, since such arguments are not relevant to the criteria for establishment of viticultural areas, ATF did not take into consideration the evidence submitted on these points.

Group B maintains their proposed area accurately reflects the current concept of Alexander Valley. They do not dispute the fact that early concepts of Alexander Valley did not include the additional area encompassed under their proposal. (Post-hearing comment 11.) They maintain, however, that the concept of Alexander Valley began to change around the turn of the century. It is their contention that the area running southeast of Healdsburg to north of Cloverdale near the town of Preston began to be recognized as a single geographical unit, i.e., a valley, and identified in maps and documents as "Alexander Valley." (Tr. pg. 114.) However, they acknowledge that since no local need existed for an area-wide designation the local residents continued to refer to areas within the valley by names such as Soda Rock, Jintown, Geyserville, Asti, Cloverdale, etc. (Tr. pg. 114.)

In support of this contention, Group B submitted excerpts from an article entitled "Alexander Valley—A Productive District, Tributary to Healdsburg" that appeared in the Healdsburg Enterprise, a local newspaper, on October 24, 1891, which described the valley as being about 20 miles long. (Post-hearing comment 11.) They observe that a distance of 20 miles from the southern limit of Alexander Valley as defined by both groups extends beyond Cloverdale and includes the additional area they have proposed. Further, they note that Group A quotes from the same article in its petition and states the valley is 20 miles long. (Group A petition pg. 5.) Moreover, they note that the United States Geological Survey (U.S.G.S.) 7.5 minute topographic maps include the additional area encompassed under their proposal within the Alexander Valley. They also submitted maps from several other sources which depict and identify their proposed area as Alexander Valley, e.g., United States Soil Conservation Service (U.S.S.C.S.) soil survey maps and a Cloverdale Chamber of Commerce map. (Hearing ex. 11, Post-hearing comments 5, 27.) In addition, they presented excerpts and exhibits from several private and Governmental studies which use the term Alexander Valley to

describe the entire valley. (Post-hearing comments 9, 11.)

Furthermore, several commenters stated that grapes grown in the additional area proposed by Group B have been used to produce wines labeled with an "Alexander Valley" appellation. Dr. William Crowley, a geographer, stated in his post-hearing comment that "[w]ines made by Mirassou from Harold Smith's vineyard have been labeled "Alexander Valley." (Post-hearing comment 11.) Mr. Eugene Rege, a grower in the additional area proposed by Group B, implied in his post-hearing comment that grapes from his vineyard have been used in "Alexander Valley" wines. (Post-hearing comment 29.) In addition, the Operations Manager of Simi Winery, Mr. Jack Loftmark, a proponent of the Group A proposal, stated at the hearing that over the last ten years 40 tons of grapes grown in the additional area proposed by Group B have been used by Simi Winery in wines bearing the "Alexander Valley" appellation of origin. (Tr. pg. 44.) It was also established that a variation of the Alexander Valley appellation of origin is used in the additional area proposed by Group B. Mr. William Cordtz, the proprietor of a winery located in the additional area proposed by Group B, stated at the hearing that some wines produced at his winery have been labeled with an "Upper Alexander Valley" appellation. (Tr. pgs. 122-123.) Also, many commenters stated they believe the additional area proposed by Group B is part of the Alexander Valley. They note that the area is identified as Alexander Valley in several public maps of Sonoma County; in local real estate advertisements; and by many local, state and federal agencies.

Under 27 CFR 4.25a(e)(2)(ii), historical or current evidence that the boundaries of the viticultural area are as specified in the petition is required. Based on the evidence, there is no dispute that the early concepts of Alexander Valley, as established by Mr. Hentz, did not include the additional area proposed by Group B. Further, there is no question that a concept of Alexander Valley based on these early concepts is accepted within the area proposed by Group A. However, the evidence also clearly established that a concept of Alexander Valley based on geographical considerations evolved around the turn of the century, and this concept, which corresponds to the area proposed by Group B, is accepted by the general public.

After consideration of all the evidence presented, ATF concluded there is sufficient evidence to substantiate that

the additional area proposed by Group B has been and is currently considered within the Alexander Valley by the general public. The fact that current non-government and Government maps, real estate advertisements, and governmental agencies include the area within the Alexander Valley is particularly persuasive. Consequently, ATF finds that the area encompassed within the boundaries proposed by Group B accurately reflects the grape growing region known as Alexander Valley.

Accordingly, the boundaries adopted for the viticultural area are basically those proposed by Group B. However, their proposed boundaries are modified to exclude several mountainous areas and to include an area proposed by a commenter. ATF believes the boundaries, as modified, satisfy the criteria of 27 CFR 4.25a(e)(2)(ii). These modifications to the boundaries are discussed in further detail under the section entitled "Boundary Modifications."

C. Geographical Features

Group A contends their proposed area is distinguished by geographical features from surrounding areas. They maintain the physical features, climate, topography, and hydrologic features (watershed) which characterize their proposed area combine to produce unique growing conditions. (Group A petition pgs. 8, 10.) Moreover, they claim the additional area encompassed by the Group B proposal is characterized by geographical features which produce growing conditions not experienced in their proposed area. (Post-hearing comments 3, 13, 18.)

They state the northern and southern boundaries of their proposed area are placed at points where the surrounding slopes crowd in close to the Russian River and the elevation rises, and that the boundaries correspond to geographical features defining a valley. (Group A petition pgs. 7, 8, 10.) They maintain the "narrowings" defining the valley separate their proposed area from surrounding areas. (Tr. pg. 38.) Although acknowledging that the northwestern portion is not affected as much, they contend fog has a significant effect on the growing conditions within the area they proposed. They maintain their proposed area experiences overall cooler temperatures than areas to the north because of the fog. (Group A petition pg. 8.)

Group B contends their proposed area is a generally homogeneous geographical entity characterized by relatively uniform geology, soil, climate, and elevation. They maintain these

geographical features combine to produce growing conditions which are similar throughout the proposed area. Moreover, Group B maintains that the area proposed by Group A and the additional area encompassed under their proposal are characterized by similar geographical features. In addition, they claim the areas are not distinguishable from one another on the basis of geographical features. In support of this claim, they submitted two reports prepared for them by Dr. Thomas Anderson and Dr. William K. Crowley, which discuss the similarity of geographical features between the proposed areas. (Group B petition, Post-hearing comment 11.) Dr. Crowley also commented at the hearing in support of the Group B proposal. (Tr. pgs. 46-54.)

On the basis of geographical features, Drs. Anderson and Crowley concluded the area proposed by Group B is a single geographical unit, i.e., a valley. In their view, the distinct physical contrast between the alluvial material on the floor and the indurated rock on the surrounding uplands clearly delineates the valley. In addition, they contend the "narrowing" near Asti, which Group A claims defines the northern limit of Alexander Valley, does not constitute a true geologic separation. They note that the valley narrows at many points, but in no case does bedrock divide the valley into separate geological units (valleys). In support of this contention, they presented a geologic map, prepared by the State of California, Department of Water Resources, which depicts a continuous deposit of alluvial material throughout the valley. In regards to elevation, they feel a change of 180 feet over 20 miles is relatively inconsequential. Also, they note the majority of this elevation change, as evidenced by U.S.G.S. 7.5 minute topographic maps, occurs in the area proposed by Group A.

Further, Drs. Anderson and Crowley state the soils in the northern and southern portions of the valley, as evidenced by U.S.S.C.S. soil survey maps, primarily belong to the various series and phases comprising the soil association known as Yolo-Cortina-Pleasanton. They maintain the uniformity of distribution indicates the soils were derived from basically the same kind of alluvial parent material and deposited under similar geologic circumstances. Thus they contend further demonstrates that there is a single valley.

As to climate, Drs. Anderson and Crowley acknowledge there is an increase in the temperatures experienced as one goes from the southern to the northern portion of the

valley. However, they contend there is no abrupt temperature change from one part of the valley to the next. They presented evidence, based on heat summation data prepared by the Cooperative Extension, University of California, that the temperature change is gradual. In addition, they concluded that fog intrusions have a minimal effect on growing conditions within the valley due to the fact that the breakpoint for significant amounts of fog is outside of the valley to the south of Healdsburg. Also, they note that when fog does enter the valley it usually intrudes just to the vicinity of Geyserville. Consequently, only about two-thirds of the area proposed by Group A is affected to any degree by fog. In summation, Dr. Anderson and Dr. Crowley both concluded that there are no significant climatic differences between the southern and northern portions of the valley.

On the basis of geographical criteria, ATF finds that the area proposed by Group A and the additional area encompassed under the Group B proposal are not distinguishable from one another. The evidence indicates the climate, soil, elevation, and physical features which distinguish the viticultural features in these areas are virtually the same. Although there are differences, ATF finds there is insufficient evidence to indicate that these differences distinguish the proposed areas from one another.

Further, ATF concludes, based on the evidence, that the area proposed by Group B is distinguished by viticultural features from the remaining surrounding areas. The primary geographical feature that distinguishes the viticultural features of the area is topography. The general geomorphology of the area corresponds to geographical features that define a valley. Except for gaps in the vicinity of the town of Lytton and at the northern and southern ends of the valley where the Russian River enters and exits, the valley is clearly delineated by the surrounding uplands. These uplands form ranges of foothills which distinguish the area from the Dry Creek, Russian River, and Chalk Hill viticultural areas on the west and south. The area is distinguished from the Knights Valley viticultural area on the east and the Guenoc viticultural area on the north by the Mayacmas Mountains.

In addition, the Group B area has an average annual rainfall of 25-50 inches, temperature of 58-60 degrees F., and a frost-free season of 240-270 days. The Russian River viticultural area to the south has an average annual rainfall of 25-45 inches, temperature of 54-60

degrees F., and a frost-free season of 240-260 days. Moreover, the surrounding uplands have an average annual rainfall of 30-70 inches, temperature of 54-58 degrees F., and a frost-free season of 230-270 days.

Further, temperature comparison data indicate the area is warmer than the Russian River viticultural area and cooler than the Guenoc viticultural area to the north. Under the climatic region concept developed by Amerne and Winkler, the Group B area is classified as Region 3 and the Russian River viticultural area as Region 2.

In summation, ATF finds that the boundaries proposed by Group B satisfy the criteria of 27 CFR 4.25a(e)(2)(iii) by encompassing an area that possesses generally homogenous viticultural features different from surrounding areas which are distinguished by geographical features.

D. Boundary Modifications

The evidence indicates the mountainous areas encompassed by the eastern and northwestern boundaries proposed by Group B possess viticultural features which are distinguished by geographical features from the rest of the proposed viticultural area. These mountainous areas experience an average annual rainfall of 30-70 inches, temperature of 54-58 degrees F., and a frost-free season of 230-270 days as compared to an average annual rainfall of 25-50 inches, temperature of 54-60 degrees F., and a frost-free season of 240-260 days for the valley floor. Moreover, the mountainous areas to the east and northwest are characterized by soils primarily of the Goulding-Toomes-Guenoc and Henneke-Maymen association, respectively, while the valley floor is characterized by soils of the Yolo-Cortina-Pleasanton association.

In addition, virtually all grapes in Alexander Valley are grown on the valley floor, adjacent river terraces, and the lower slopes rising out of the valley. The U.S.G.S. 7.5 minute topographic maps do not depict any vineyards in the mountainous areas. Further, there is no evidence that the name Alexander Valley is locally and/or nationally known as referring to these mountainous areas, or that the historical or current boundaries of Alexander Valley have ever included these areas.

Based on the evidence, ATF concludes that the eastern and northwestern boundaries proposed by Group B encompass mountainous areas which lie outside the actual geographical and viticultural limits of Alexander Valley. Accordingly, the viticultural area boundaries proposed by Group B are

modified to exclude these mountainous areas.

In addition, ATF received two proposals (hereinafter referred to as "BA#1" and "BA#2") from commenters to include within the boundaries of the viticultural area two additional areas not part of the proposals of either Group A or Group B. (Ltr. dtd. 7/21/82, Post-hearing comments 28, 43.) The commenter in BA#1 petitioned for the inclusion of an area south of the town of Lytton along U.S. Highway 101. In BA#2, two commenters jointly petitioned for the inclusion of an area northeast of Healdsburg along the Russian River.

The commenters contend the proposed areas are within the Alexander Valley grape growing region. In support of this contention, they presented evidence that the viticultural features are similar. Moreover, they submitted evidence, consisting of wine labels, that grapes grown within their proposed areas have been marketed and used to produce wines labeled with an "Alexander Valley" appellation of origin. In addition, they contend the proposed areas have historically been considered a part of the Alexander Valley.

The evidence presented by the commenters, as well as evidence presented in the petitions and comments, indicate the following with respect to the proposed areas and the area proposed by Group B. The U.S.S.C.S. soil survey maps for Sonoma County show that Yolo-Cortina-Pleasanton, a soil type more or less uniformly distributed throughout the Group B area, is the primary soil type found in both proposed areas. Based on data prepared by the Cooperative Extension, University of California, the area proposed in BA#1 appears to exhibit climatic conditions similar to those found in the Group B area.

Further, this data indicates the area proposed in BA#2 experiences slightly lower temperatures and higher amounts of fog than the Group B area. The evidence also indicates that the area proposed in BA#1 is generally considered by most persons as being historically associated with the Alexander Valley. (Attachments to Ltr. dtd. 7/21/82.) The BA#2 proposed area is depicted on U.S.G.S. 7.5 minute topographic maps as being generally separated from the Group B area by a line of foothills ranging from 450 feet to nearly 800 feet in elevation. Moreover, it is identified as "Digger Bend" rather than Alexander Valley on these maps. In addition, the evidence indicates that the BA#2 area is generally considered as being outside the geographical and

viticultural limits of Alexander Valley. (Tr. pgs. 76, 84, 100, 130.)

ATF finds that the evidence indicates the climate, soil, physical features distinguishing the viticultural features of the BA#1 area and the area proposed by Group B are similar. Moreover, it indicates the area proposed in BA#1 has historically been and is currently considered within the Alexander Valley. However, the evidence does not in our view substantiate these findings with respect to the area proposed in BA#2. Consequently, based on the evidence, ATF finds that the boundaries of the Alexander Valley grape growing region include the area proposed in BA#1 and not the area proposed in BA#2. Accordingly, the viticultural area boundaries proposed by Group B are modified to encompass the BA#1 area.

IV. Additional Information

A. Miscellaneous

ATF does not wish to give the impression by approving the Alexander Valley viticultural area that it is approving or endorsing the quality of the wines from the area. ATF is approving this area as being distinct and not better than other areas. By approving the area, wine producers are allowed to claim a distinction on labels and in advertisements as to the origin of the grapes. Any commercial advantage gained can only be substantiated by consumer acceptance of Alexander Valley wines.

B. Regulatory Flexibility Act

The notice of proposed rulemaking which resulted in this final rule contained a certification under the provisions of section 3 of the Regulatory Flexibility Act (5 U.S.C. 605(b)), that if promulgated as a final rule, it would not have a significant impact on a substantial number of small entities. Therefore, the requirement contained in the Regulatory Flexibility Act (5 U.S.C. 603, 604) for a final regulatory flexibility analysis does not apply to this final rule.

C. Executive Order 12291

It has been determined that this final rule is not a "major rule" within the meaning of section 1(b) of Executive Order 12291 issued February 17, 1981 (46 FR 13193), because it will not have an annual effect on the economy of \$100 million or more; it will not result in a major increase in costs or prices for consumers, individual industries, or Federal, State, or local government agencies, or geographic regions; and it will not have a significant adverse effect on competition, employment, investment, productivity, innovation, or

on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or foreign markets.

D. List of Subjects in 27 CFR Part 9

Administrative practices and procedures, Consumer protection, Viticultural areas, and Wine.

E. Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Pub. L. 96-511, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR Part 1320, do not apply to this final rule because no requirement to collect information is imposed.

F. Drafting Information

The principal author of this final rule is Jim Whitley, Regulations and Procedures Division, Bureau of Alcohol, Tobacco and Firearms.

V Authority and Issuance

Accordingly, under the authority contained in 27 U.S.C. 205, the Director is amending 27 CFR Part 9 as follows:

PART 9—AMERICAN VITICULTURAL AREAS

Paragraph 1. In the table of sections for 27 CFR Part 9, § 9.53 is added to read as follows:

* * * * *

Subpart C—Approved American Viticultural Areas

* * * * *

9.53 Alexander Valley.

* * * * *

Par. 2. Section 9.53 is added to Subpart C of 27 CFR Part 9 to read as follows:

* * * * *

Subpart C—Approved American Viticultural Areas

* * * * *

§ 9.53 Alexander Valley.

(a) *Name.* The name of the viticultural area described in this section is "Alexander Valley."

(b) *Approved maps.* The appropriate maps for determining the boundaries of the Alexander Valley viticultural area are seven U.S.G.S. maps entitled:

- (1) "Mark West Springs Quadrangle, California," 7.5 minute series, 1958;
- (2) "Mount St. Helena Quadrangle, California," 7.5 minute series, 1959;
- (3) "Jimtown Quadrangle, California—Sonoma County," 7.5 minute series, 1955 (Photorevised 1975);
- (4) "Geyserville Quadrangle, California—Sonoma County," 7.5 minute series, 1955 (Photorevised 1975);

(5) "Healdsburg Quadrangle, California—Sonoma County," 7.5 minute series, 1955;

(6) "Asti Quadrangle, California," 7.5 minute series, 1959 (Photorevised 1978); and

(7) "Cloverdale Quadrangle, California," 7.5 minute series, 1960.

(c) *Boundaries.* The Alexander Valley viticultural area is located in northeastern Sonoma County, California. From the beginning point at the northeast corner of Section 32, Township 12 North (T. 12 N.), Range 10 West (R. 10 W.), on the Asti Quadrangle map, the boundary runs—

(1) West along the north line of Sections 32 and 31, T. 12 N., R. 10 W., and Sections 36, 35, and 34, T. 12 N., R. 11 W., to the northwest corner of Section 34, on the Cloverdale Quadrangle map;

(2) Then south along the west line of Section 34 to the southwest corner thereof;

(3) Then southeasterly 11,750 feet in a straight line to the point on a peak identified as having an elevation of 822 feet;

(4) Then south-southeasterly 17,400 feet in a straight line to the southeast corner of Section 24, T. 11 N., R. 11 W.,

(5) Then south-southeasterly 12,200 feet in a straight line to the point at 38 degrees 45 minutes/123 degrees 00 minutes in Section 5, T. 10 N., R. 10 W.,

(6) Then easterly in a straight line along latitude 38 degrees 45 minutes to the point of intersection with the east line of Section 4, T. 10 N., R. 10 W., on the Geyserville Quadrangle map;

(7) Then southeasterly 5,850 feet in a straight line to the southwest corner of Section 3, T. 10 N., R. 10 W.,

(8) Then southerly along the west line of Section 10, T. 10 N., R. 10 W.,

(9) Then S. 74 degrees, E. 2,800 feet in a straight line to the northeasterly tip of a small lake;

(10) Then N. 57 degrees, E. 2,300 feet in a straight line to the southeast corner of Section 10, T. 10 N., R. 10 W.,

(11) Then S. 16 degrees, E. 1,800 feet in a straight line to the point on a peak identified as having an elevation of 664 feet;

(12) Then S. 55 degrees, E. 7,900 feet in a straight line to the most northerly point on the northeasterly line of "Olive Hill" Cemetery, lying on the easterly side of a light-duty road identified as Canyon Road;

(13) Then southeasterly along the northeasterly line of "Olive Hill" cemetery to most easterly point thereon;

(14) Then southerly 3,000 feet along the meanders of the west fork of Wood Creek to the point lying 400 feet north of

the point on a peak identified as having an elevation of 781 feet;

(15) Then southerly 400 feet in a straight line to the point on a peak identified as having an elevation of 781 feet;

(16) Then S. 50½ degrees, E. 15,200 feet in a straight line to the point lying at the intersection of Lytton Creek with the township line common to T. 9 N. and T. 10 N. in R. 9 W.,

(17) Then southerly along the meanders of Lytton Creek to the point of intersection with a light-duty road identified as Lytton Springs Road in T. 9 N., R. 9 W.,

(18) Then easterly along Lytton Springs Road to the point of intersection with a heavy-duty road identified as U.S. Highway 101 (a.k.a. Redwood Highway); on the Jimtown Quadrangle map;

(19) Then southerly along U.S. Highway 101 to the point of intersection with an unnamed light-duty road (known locally as Chiquita Road), on the Geyserville Quadrangle map;

(20) Then easterly along the unnamed light-duty road to the point of intersection with an unnamed heavy-duty road (known locally as Healdsburg Avenue), on the Jimtown Quadrangle map;

(21) Then north-northeasterly along the unnamed heavy-duty road to the point of intersection with Lytton Road and a medium-duty road identified as Alexander Valley Road;

(22) Then east-northeasterly 3,500 feet in a straight line to the point on a peak identified as having an elevation of 447 feet;

(23) Then easterly 5,575 feet to the point on a peak identified as having an elevation of 530 feet;

(24) Then east-southeasterly 3,950 feet in a straight line to the point on a peak identified as having an elevation of 516 feet;

(25) Then southeasterly 4,950 feet in a straight line to the point on a peak identified as having an elevation of 596 feet;

(26) Then southeasterly 6,500 feet in a straight line to the point lying at 38 degrees 37 minutes/122 degrees 47 minutes 15 seconds, the intersection of the range line common to R. 9 W. and R. 8 W. in T. 9 N. and latitude 38 degrees 37 minutes 30 seconds;

(27) Then south-southeasterly 7,875 feet in a straight line to the confluence of Brooks Creek with the Russian River in T. 9 N., R. 8 W., on the Healdsburg Quadrangle map;

(28) Then east-southeasterly 2,400 feet in a straight line to the top of a peak identified as Chalk Hill;

(29) Then east-northeasterly 7,600 feet in a straight line to the point lying at 38 degrees 36 minutes 20 seconds/122 degrees 45 minutes, approximately the midpoint on the south line of Section 21, T. 9 N., R. 8 W., near the peak identified as "Bell Mountain";

(30) Then easterly along the south line of Section 21 to the southeast corner thereof, on the Mark West Springs Quadrangle map;

(31) Then northerly along the east line of Sections 21, 16, and 9, T. 9 N., R. 8 W. to the northeast corner of Section 9, on the Mount St. Helena Quadrangle map;

(32) Then westerly along the north line of Section 9 to the northwest corner thereof, on the Jimtown Quadrangle map;

(33) Then northwesterly 15,500 feet in a straight line to the northeast corner of Section 36, T. 10 N., R. 9 W.,

(34) Then north-northwesterly 11,800 feet in a straight line to the southeast corner of Section 14, T. 10 N., R. 9 W.,

(35) Then north-northwesterly 15,350 feet in a straight line to the most eastern point on the northeastern line of the Tzabaco land grant;

(36) Then west-northwesterly along the northeastern line of the Tzabaco land grant to the most northerly point thereon, on the Geyserville Quadrangle map;

(37) Then west-northwesterly 7,250 feet in a straight line to the point on a peak identified as having an elevation of 830 feet, on the Asti Quadrangle map;

(38) Then northwesterly 13,350 feet in a straight line to the point on a peak identified as having an elevation of 1,070 feet;

(39) Then north-northwesterly 14,750 feet in a straight line to the point on a peak identified as having an elevation of 1,301 feet;

(40) Then north-northwesterly 9,275 feet in a straight line to the point of beginning.

Signed: September 14, 1984.

Stephen E. Higgins,
Director.

Approved: October 9, 1984.

John M. Walker, Jr.,
Assistant Secretary, Enforcement and Operations.

[FR Doc. 84-27837 Filed 10-23-84; 8:45 am]
BILLING CODE 4810-31-M

ACTION: Final regulations.

SUMMARY: These regulations provide for replacement of the Vocational Rehabilitation Board by the Vocational Rehabilitation Panel. The Panel's role is to provide consultation and technical assistance in evaluating and developing rehabilitation plans for seriously handicapped veterans and dependents. The decision-making responsibility which the Board formerly had is eliminated and reassigned to a counseling psychologist in the Vocational Rehabilitation and Counseling Division of VA's Department of Veterans Benefits. These regulations will streamline the decisions being made regarding eligible children in special restorative training and eligible persons in specialized vocational training.

EFFECTIVE DATE: September 18, 1984.

FOR FURTHER INFORMATION CONTACT:

June C. Schaeffer (225), Assistant Director for Policy and Program Administration, Education Service, Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue, NW., Washington, D.C. 20320 (202) 389-2092.

SUPPLEMENTARY INFORMATION: On pages 1400 through 1402 of the Federal Register of January 11, 1984 there was published a notice of intent to amend Part 21 to provide for the abolishment of Vocational Rehabilitation Boards.

Interested people were given 30 days in which to submit comments, suggestions, or objections regarding the proposal. The VA received two letters containing comments. One letter was from an association of college officials. The other was from an association of professional psychologists.

Both writers urged that the proposal be adopted. One stated that streamlined decision-making may reduce the VA's administrative costs. The other approved of making the decision a professional decision rather than a mixed professional and administrative decision. Since both writers supported the amended regulations, the VA is making them final without change.

The VA has determined that these regulations contain no major rules as that term is defined by Executive Order 12291, entitled "Federal Regulation." The annual effect on the economy will be less than \$100 million. They will not result in any major increases in costs or prices for anyone. They will have no significant adverse effects on competition, employment, investment, productivity, innovation or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The Administrator of Veteran's Affairs hereby certifies that these regulations will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (RFA), 5 U.S.C. 601-612. Pursuant to 5 U.S.C. 605(b), these regulations, therefore, are exempt from the initial and final regulatory flexibility analyses requirements of sections 603 and 604.

This certification can be made because these regulations affect the internal organization of the VA, and, to a lesser extent, individual benefit recipients. The regulations will have no significant impact on small entities, i.e., small businesses, small, private and nonprofit organizations, and small governmental jurisdictions.

The Catalog of Federal Domestic Assistance number for the program affected by these regulations is 64.117.

List of Subjects in 38 CFR Part 21

Civil rights, Claims, Education, Grant programs—education, Loan programs—education, Reporting and recordkeeping requirements, Schools, Veterans, Vocational education, Vocational rehabilitation.

Approved: September 18, 1984.

By direction of the Administrator.
Everett Alvarez, Jr.,
Deputy Administrator.

PART 21—VOCATIONAL REHABILITATION AND EDUCATION

The Veterans Administration proposes to amend 38 CFR Part 21 as set forth below:

1. In § 21.3300, the introductory text of paragraph (b) is revised as follows:

§ 21.3300 Special restorative training.

* * * * *

(b) *Special restorative training courses.* The counseling psychologist, after consulting with the Vocational Rehabilitation Panel, may prescribe for special restorative training purposes courses such as—

* * * * *

(33 U.S.C. 1740)

* * * * *

2. In § 21.3301, the introductory portion of paragraph (a) and paragraphs (b) through (d) are revised and paragraph (e) is added so that the added and revised material reads as follows:

§ 21.3301 Need.

(a) *Determination of need.* When special restorative training has been requested or is being considered for a handicapped child, a counseling psychologist will obtain all information

VETERANS ADMINISTRATION

38 CFR Part 21

Veterans Education; Special Restorative Training and Specialized Vocational Training

AGENCY: Veterans Administration (VA).