

development of new varieties, markets, or opportunities for fresh potatoes that would be good for the Colorado potato industry. Some of the new varieties have characteristics, such as small size or misshape, that prevent them from being shipped fresh except under the minimum quantity exemption of 1,000 pounds in paragraph (f) of § 948.386. This has placed a burden on handlers desiring to ship larger quantities of such potatoes. Handlers have also expressed a desire to experiment with the shipment of potatoes of different varieties in the same container. This is not currently possible because the potatoes do not meet the minimum grade requirement that a particular lot of potatoes have "similar" varietal characteristics.

For purpose of this action, the term "manufacture or conversion into specified products" means the preparation of potatoes for market into products by peeling, slicing, dicing, applying material to prevent oxidation, or other means approved by the Committee, but not including other processing.

These changes to the handling regulation are expected to encourage new product development and could lead to market expansion which would benefit producers, handlers, buyers, and consumers of Colorado potatoes.

The special purpose outlets authorized by this action are fresh use markets so it is appropriate that handlers taking advantage of the exemptions be assessed to defray the costs the Committee incurs in administering the program, tracking such shipments, determining whether applicable requirements have been met, and whether the potatoes end up in proper trade channels. Currently, the assessment rate is \$0.0030 per hundredweight of potatoes handled. Effective September 1, 1998, the rate will be \$0.0015 per hundredweight of potatoes handled. This rule is designed to expand markets for potatoes and to increase fresh utilization. The changes are expected to improve the marketing of Colorado potatoes and increase returns to producers.

There is no available information detailing how many potatoes this relaxation will allow to be marketed.

No viable alternatives to this action were identified that would ensure that innovations in marketing and product development. Furthermore, the goals expressed by the committee could not be solved absent this action.

The Committee estimates that three or four handlers may apply for and obtain Certificates of Privilege for the handling of potatoes for experimentation or for

the manufacture or conversion into specified products. It is estimated that the time taken by the handlers who apply will total less than ten hours and this time is currently approved under OMB No. O581-0111 by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sectors. In addition, the Department has not identified any relevant Federal rules that duplicate, overlap or conflict with this rule.

Further, the Committee's meeting was widely publicized throughout the Colorado potato industry and all interested persons were invited to attend the meeting and participate in Committee deliberations. Like all Committee meetings, the June 18, 1998, meeting was a public meeting and all entities, both large and small, were able to express their views on this issue. The Committee itself is composed of 12 members, of which 5 are handlers and 7 are producers, the majority of whom are small entities.

Finally, interested persons are invited to submit information on the regulatory and informational impacts of this action on small businesses.

After consideration of all relevant material presented, including the Committee's recommendation, and other information, it is found that this interim final rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

This rule invites comments on a change to the handling regulation prescribed for Area No. 2 under the Colorado potato marketing order. Any comments received will be considered prior to finalization of this rule.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) This rule relaxes requirements on Area No. 2 handlers and provides additional marketing opportunities; (2) this action must be taken promptly so handlers can take advantage of the additional marketing opportunities as soon as possible; (3) the Committee unanimously recommended these changes at a public meeting and interested parties had an opportunity to

provide input; and (4) this rule provides a 60-day comment period and any comments received will be considered prior to finalization of this rule.

#### List of Subjects in 7 CFR Part 948

Marketing agreements, Potatoes, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 948 is amended as follows:

#### PART 948—IRISH POTATOES GROWN IN COLORADO

1. The authority citation for 7 CFR part 948 continues to read as follows:

**Authority:** 7 U.S.C. 601-674.

2. In § 948.386, paragraph (d)(2) is revised, and in paragraph (g) a new sentence is added before the last sentence to read as follows:

#### § 948.386 Handling regulation.

\* \* \* \* \*

(d) \* \* \*

(1) \* \* \*

(2) The grade, size, maturity and inspection requirements of paragraphs (a), (b), and (c) of this section shall not be applicable to shipments of potatoes for experimentation, the manufacture or conversion into specified products, or for seed pursuant to section 948.6, but such shipments shall be subject to assessments.

\* \* \* \* \*

(g) *Definitions.* \* \* \* The term *manufacture or conversion into specified products* means the preparation of potatoes for market into products by peeling, slicing, dicing, applying material to prevent oxidation, or other means approved by the committee, but not including other processing. \* \* \*

Dated: August 5, 1998.

**Robert C. Keeney,**

*Deputy Administrator, Fruit and Vegetable Programs.*

[FR Doc. 98-21480 Filed 8-10-98; 8:45 am]

BILLING CODE 3410-02-P

#### DEPARTMENT OF AGRICULTURE

#### Agricultural Marketing Service

#### 7 CFR Part 989

[Docket No. FV98-989-2 FIR]

#### Raisins Produced From Grapes Grown In California; Increase in Desirable Carryout Used to Compute Trade Demand

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Department of Agriculture (Department) is adopting, as a final rule, without change, the provisions of an interim final rule that increased the desirable carryout used to compute the yearly trade demand for raisins covered under the Federal marketing order for California raisins. The order regulates the handling of raisins produced from grapes grown in California and is administered locally by the Raisin Administrative Committee (Committee). Trade demand is computed based on a formula specified in the order, and is used to determine volume regulation percentages for each crop year, if necessary. Desirable carryout, one factor in this formula, is the amount of tonnage from the prior crop year needed during the first part of the next crop year to meet market needs, before new crop raisins are available for shipment. This rule continues to increase the desirable carryout from 2 to 2½ months of prior year's shipments. This increase allows for a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season.

**EFFECTIVE DATE:** September 10, 1998.

**FOR FURTHER INFORMATION CONTACT:**

Maureen T. Pello, Marketing Specialist, California Marketing Field Office, Fruit and Vegetable Programs, AMS, USDA, 2202 Monterey Street, suite 102B, Fresno, California 93721; telephone: (209) 487-5901, Fax: (209) 487-5906; or George Kelhart, Technical Advisor, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, room 2525-S, P.O. Box 96456, Washington, DC 20090-6456; telephone: (202) 720-2491, or Fax: (202) 205-6632. Small businesses may request information on compliance with this regulation by contacting Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525-S, Washington, DC 20090-6456; telephone: (202) 720-2491; Fax: (202) 205-6632.

**SUPPLEMENTARY INFORMATION:** This rule is issued under Marketing Agreement and Order No. 989 (7 CFR part 989), both as amended, regulating the handling of raisins produced from grapes grown in California, hereinafter referred to as the "order." The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act."

The Department is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing, the Secretary would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction in equity to review the Secretary's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule continues to increase the desirable carryout used to compute the yearly trade demand for raisins regulated under the order. Trade demand is computed based on a formula specified in the order, and is used to determine volume regulation percentages for each crop year, if necessary. This rule continues to increase the desirable carryout, one factor in this formula, from 2 to 2½ months of prior year's shipments. This increase allows for a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season. This rule was unanimously recommended by the Committee at a meeting on June 11, 1998.

The order provides authority for volume regulation designed to promote orderly marketing conditions, stabilize prices and supplies, and improve producer returns. When volume regulation is in effect, a certain percentage of the California raisin crop may be sold by handlers to any market (free tonnage) while the remaining percentage must be held by handlers in a reserve pool (or reserve) for the account of the Committee. Reserve raisins are disposed of through certain programs authorized under the order. For instance, reserve raisins may be sold by the Committee to handlers for free use or to replace part of the free tonnage raisins they exported; used in diversion programs; carried over as a hedge

against a short crop the following year; or disposed of in other outlets not competitive with those for free tonnage raisins, such as government purchase, distilleries, or animal feed. Net proceeds from sales of reserve raisins are distributed to the reserve pool's equity holders, primarily producers.

Section 989.54 of the order prescribes procedures to be followed in establishing volume regulation and includes methodology used to calculate percentages. Trade demand is based on a computed formula specified in this section, and is used to determine volume regulation percentages. Trade demand is equal to 90 percent of the prior year's shipments, adjusted by the carryin and desirable carryout inventories.

At one time, § 989.54(a) also specified actual tonnages for desirable carryout for each varietal type regulated. However, in 1989, these tonnages were suspended from the order, and flexibility was added so that the Committee could adopt a formula for desirable carryout in the order's rules and regulations. The formula has allowed the Committee to periodically adjust the desirable carryout to better reflect changes in each season's marketing conditions.

The formula for desirable carryout has been specified since 1989 in § 989.154. Initially, the formula was established so that desirable carryout was based on shipments for the first 3 months of the prior crop year—August, September, and October (the crop year runs from August 1 through July 31). This amount was gradually reduced to 2½ months in 1991-92, 2¼ months in 1995-96, and to a level of 2 months in 1996-97. The Committee reduced the desirable carryout because it believed that an excessive supply of raisins was available early in a new crop year creating unstable market conditions.

At its June 11, 1998, meeting, the Committee evaluated the 2-month desirable carryout level and recommended adjusting the formula back up to 2½ months of prior year's shipments (August, September, and one-half of October). In its deliberations, the Committee considered the impact of the reduction in desirable carryout over the past few years along with a change to one of its export programs operated under the order. Prior to 1995, the Committee administered an industry export program whereby handlers who exported California raisins could purchase, at a reduced rate, reserve raisins for free use. This effectively blended down the cost of the raisins which were exported, allowing handlers to be price competitive in export

markets (prices in export markets are generally lower than the domestic market). One problem that the industry found with this "raisin-back" program was that the reserve raisins which handlers received went back into free tonnage outlets creating an excessive supply of raisins. To correct this problem, the industry gradually switched to a program which offered cash, rather than reserve raisins, to exporting handlers. The desirable carryout was reduced to 2 months in 1996-97 to help decrease the supply of raisins available early in a season and, thus, stabilize market conditions.

The Committee now believes that not enough raisins are being made available for growth. Increasing the desirable carryout allows for a higher trade demand figure and, thus, a higher free tonnage percentage which makes more raisins available to handlers for immediate use early in the season. A higher free tonnage percentage may also improve early season returns to producers (producers are paid an established field price for their free tonnage).

At the meeting, the Committee also compared the average desirable carryout for the past 7 years with the average, actual tonnage that all handlers have in inventory at the end of a crop year. Desirable carryout has averaged 66,033 tons at 2½ months, 63,424 tons at 2¼ months, and 63,364 tons at 2 months. For the past 7 years, an average of 101,459 tons has been held in inventory by all handlers at the end of a crop year. Increasing the desirable carryout to 2½ months allows this factor to move towards what handlers are actually holding in inventory at the end of a crop year.

Much of the discussion at the Committee's meeting concerned the desirable carryout of Natural (sun-dried) Seedless raisins (Naturals). Naturals are the major commercial varietal type of raisin produced in California. Volume regulation has been implemented for Naturals for the past several seasons. However, the Committee also believes that the increase in desirable carryout to 2½ months should apply to the other varietal types of raisins covered under the order.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities. Accordingly, AMS has prepared this final regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly

or disproportionately burdened. Marketing orders issued pursuant to the Act, and rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 20 handlers of California raisins who are subject to regulation under the order and approximately 4,500 raisin producers in the regulated area. Small agricultural service firms have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than \$5,000,000, and small agricultural producers are defined as those having annual receipts of less than \$500,000. No more than 7 handlers, and a majority of producers, of California raisins may be classified as small entities. Thirteen of the 20 handlers subject to regulation have annual sales estimated to be at least \$5,000,000, and the remaining 7 handlers have sales less than \$5,000,000, excluding receipts from any other sources.

This rule continues to increase the desirable carryout used to compute the yearly trade demand for raisins regulated under the order. Trade demand is computed based on a formula specified under § 989.54(a) of the order, and is used to determine volume regulation percentages for each crop year, if necessary. Desirable carryout, one factor in this formula, is the amount of tonnage from the prior crop year needed during the first part of the succeeding crop year to meet market needs, before new crop raisins are available for shipment. This rule continues to increase the desirable carryout specified in § 989.154 from 2 to 2½ months of prior year's shipments.

The 2½ month desirable carryout level applies uniformly to all handlers in the industry, whether small or large, and there are no known additional costs incurred by small handlers. As previously mentioned, increasing the desirable carryout increases trade demand and the free tonnage percentage which makes more raisins available to handlers early in the season. A higher free tonnage percentage may also improve early season returns to producers (producers are paid an established field price for their free tonnage).

The Committee considered a number of alternatives to the one-half month increase in the desirable carryout level. The Committee has an appointed subcommittee which periodically holds public meetings to discuss changes to the order and other issues. The subcommittee met on April 21 and June

9, 1998, and discussed desirable carryout. The subcommittee considered establishing a set tonnage for desirable carryout (i.e., 75,000 tons for Naturals). However, this alternative would not allow the desirable carryout to fluctuate with changing market conditions from year to year. The subcommittee considered lowering the desirable carryout for Naturals by 15,000 tons to tighten the supply of raisins early in the season even more. However, the majority of subcommittee members believed that the early season supply of raisins needed to be increased rather than decreased.

Another alternative raised at the Committee meeting was to make more raisins available to handlers at the end of a crop year through the industry's "10 plus 10" offers. The "10 plus 10" offers are two offers of reserve pool raisins which are made available to handlers during each season. Handlers may sell their "10 plus 10" raisins as free tonnage to any market. For each such offer, a quantity of reserve raisins equal to 10 percent of the prior year's shipments is made available for free use. The Committee considered offering for sale to handlers as free use an additional quantity of reserve raisins equal to 5 percent of the prior year's shipments. Such an additional offer could generate revenue that could be used to sustain the Committee's "cash-back" export program. As previously explained, under this program, handlers who export raisins to certain markets may receive cash from the reserve pool. This effectively blends down the cost of the raisins which were exported, allowing handlers to be price competitive in export markets (prices in export markets are generally lower than the domestic market). However, there is currently no provision in the order for this additional 5 percent offer.

Another alternative that was raised at the Committee's meeting was to include a policy statement concerning reserve pool equity along with the recommendation to increase the desirable carryout. Some industry members are concerned that increasing desirable carryout, thereby increasing the free tonnage percentage, may reduce handler purchases of "10 plus 10" raisins and, thus, impact pool revenue. As previously mentioned, net proceeds from sales of reserve raisins are distributed to reserve pool equity holders, primarily small producers. After much discussion, the majority of Committee members agreed that reserve pool equity was a separate issue from desirable carryout and would be addressed by the Committee's Audit Subcommittee.

This rule imposes no additional reporting or recordkeeping requirements on either small or large raisin handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally, the Department has not identified any relevant Federal rules that duplicate, overlap or conflict with this rule.

In addition, the Committee's subcommittee meetings on April 21 and June 9, 1998, and the Committee meeting on June 11, 1998, where this action was deliberated were public meetings widely publicized throughout the raisin industry. All interested persons were invited to attend the meetings and participate in the industry's deliberations.

An interim final rule concerning this action was published in the **Federal Register** on July 24, 1998 (63 FR 39699). Copies of the rule were mailed by the Committee staff to all Committee members and alternates, the Raisin Bargaining Association, handlers, and dehydrators. In addition, the rule was made available through the Internet by the Office of the Federal Register. That rule provided for a 10-day comment period which ended August 3, 1998. No comments were received.

After consideration of all relevant material presented, including the Committee's recommendation, and other information, it is found that finalizing the interim final rule, without change, as published in the **Federal Register** (63 FR 39699, July 24, 1998), will tend to effectuate the declared policy of the Act.

#### List of Subjects in 7 CFR Part 989

Grapes, Marketing agreements, Raisins, Reporting and recordkeeping requirements.

#### PART 989—RAISINS PRODUCED FROM GRAPES GROWN IN CALIFORNIA

Accordingly, the interim final rule amending 7 CFR part 989 which was published at 63 FR 39699 on July 24, 1998, is adopted as a final rule without change.

Dated: August 7, 1998.

**Robert C. Keeney,**

*Deputy Administrator, Fruit and Vegetable Programs.*

[FR Doc. 98-21578 Filed 8-7-98; 10:31 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 97-ANE-51-AD; Amendment 39-10703; AD 98-17-01]

RIN 2120-AA64

#### Airworthiness Directives; AlliedSignal Inc. TFE731 Series Turbofan Engines

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment supersedes an existing airworthiness directive (AD), applicable to AlliedSignal Inc. TFE731 series turbofan engines, that currently requires the installation of a clamp assembly to support the rigid fuel tube. This action would require the installation of a clamp assembly to support the rigid fuel tube. This amendment requires installation of an improved flexible (flex) fuel tube. This amendment is prompted by reports of fuel leaks from a cracked fuel tube in engines that have already installed a clamp assembly in accordance with the current AD. The actions specified by this AD are intended to prevent cracking of the fuel tube and the subsequent leakage of fuel on or around electrical components, which can cause an engine fire.

**DATES:** Effective October 13, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 13, 1998.

**ADDRESSES:** The service information referenced in this AD may be obtained from AlliedSignal Aerospace, Attn: Data Distribution, M/S 64-3/2101-201, P.O. Box 29003, Phoenix, AZ 85038-9003; telephone (602) 365-2493, fax (602) 365-5577. This information may be examined at the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA 01803-5299; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Joseph Costa, Aerospace Engineer, Los Angeles Aircraft Certification Office, FAA, Transport Airplane Directorate, 3960 Paramount Blvd., Lakewood, CA 90712; telephone (562) 627-5246, fax (562) 627-5210.

**SUPPLEMENTARY INFORMATION:** A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39)

by superseding AD 93-10-10, Amendment 39-8589 (58 FR 32835, June 14, 1993), applicable to AlliedSignal Aerospace Company, Garrett Engine Division (now AlliedSignal Inc.) TFE731 series turbofan engines, was published in the **Federal Register** on February 23, 1998 (63 FR 8885). That action proposed to require the installation of an improved flex fuel tube.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposal or the FAA's determination of the cost to the public. The FAA has determined that air safety and the public interest require the adoption of the rule as proposed.

There are approximately 3,325 series engines of the affected design in the worldwide fleet. The FAA estimates that 2,319 engines installed on aircraft of U.S. registry will be affected by this AD, that it will take approximately 2 work hours per engine to accomplish the required actions, and that the average labor rate is \$60 per work hour. Required parts will cost approximately \$300 per engine. Based on these figures, the total cost impact of the AD on U.S. operators is estimated to be \$973,980.

The regulations adopted herein will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A final evaluation has been prepared for this action and it is contained in the Rules Docket. A copy of it may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES**.

#### List of Subjects in 14 CFR Part 39

Air Transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.