have retroactive effect. This rule will not preempt any State or local laws, regulations, policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures that must be exhausted prior to any judicial challenge to the provisions of this rule.

Background

The Secretary of Agriculture is authorized by the Tobacco Inspection Act of 1935, as amended, 7 U.S.C. 511–511q *et seq.*, to fix and collect fees and charges for inspection and certification of quota tobacco, and other services, including administrative and supervisory costs, at designated tobacco auction markets in all tobacco producing areas. The fees collected must, as nearly as possible, cover the Department's costs of performing these services.

The AMS regularly reviews programs to determine if fees are adequate and if costs are reasonable. This interim final rule will increase the fees and charges assessed by the AMS for the mandatory inspection and certification of producer tobacco sold at designated auction markets throughout the tobacco producing areas.

The AMS conducted a recent review of the financial status of this program to determine whether the fee is sufficient. Revenue for the 1999 crop-year was approximately $11,419,000. Obligations for the period are approximately $11,508,000. At the current fee level, insufficient revenue would be generated to meet the costs of the inspection program and to replace funds that had to be used from the program's reserve account. The major factors affecting obligations are mandatory increases in Federal salaries and benefits, travel allowances, and other administrative costs since 1995. An analysis of data available to the AMS indicates that a fee of $.0100 per pound would cover expenses and maintain a reserve that would meet any reasonable contingency.

Due to an estimated 43 percent reduction in tobacco to be inspected and 20–30 percent of tobacco being sold through contract sales, obligations for the 2000 crop-year are estimated at $11,607,000 and revenues are expected to reach only $6,843,000, for a loss of $4,764,000 and a reduction in the operating reserve to $4,738,000. If the same level of service and fee structure continues for the 2001 crop-year the estimated loss would exceed $6,154,000 and the operating reserve would drop to a *negative* $1,416,000.

Revenue depends on the amount of tobacco sold on the designated auction markets. Production quotas for tobacco were reduced by 228.6 million pounds in 1998, 330.7 million pounds in 1999, and 318.7 million pounds in 2000. This is a total decrease of 878 million pounds of tobacco since 1997. Also, contract sales of tobacco will further reduce the amount graded by about 235 million pounds in 2000. Based on these figures, the current fee level will not generate the amount of revenue sufficient to maintain the level of inspection services requested and maintain funds in the program's reserve account. An analysis of available data indicates that a fee of $.0100 per pound effective for the 2000 crop-year would increase revenue by $1,277,000 and bring the operating reserve up to $6,014,000.

Information on program income and expenses was presented to the National Advisory Committee for Tobacco Inspection Services at its meeting on February 17, 2000, in Raleigh, North Carolina, and again on April 20, 2000, in Washington, D.C. The National Advisory Committee, which is made up of 14 representatives from tobacco producer interest groups and appointed by the Secretary of Agriculture, was established by law in 1981 to advise the Secretary on the level of services needed and the fees necessary to cover those services. By a majority vote, the Committee adopted a motion to recommend to the Secretary an increase in the fee to $.0100 per pound.

It is hereby 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) The 2000 flue-cured marketing season will begin about July 17 and this action is needed, as soon as possible, so as to treat all types of tobacco on an equal basis for the 2000 crop-year; (2) the National Advisory Committee recommended the fee increase by a majority vote; and (3) this interim final rule provides a 30-day comment period, and all comments timely received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 29

Administrative practice and procedure, Advisory committees, Government publications, Imports, Pesticides and pests, Reporting and recordkeeping requirements, Tobacco.

For reasons set forth in the preamble, 7 CFR part 29 is amended as follows:

PART 29—TOBACCO INSPECTION

1. The authority citation for part 29, subpart B continues to read as follows:

Authority: 7 U.S.C. 511m and 511r.

§ 29.123 [Amended]

2. In § 29.123, paragraph (a) is amended by removing the words ''$.0083 per pound'' and adding the words ''$.0100 per pound'' in their place.

Dated: May 22, 2000.

Kathleen A. Merrigan,

Administrator, Agricultural Marketing Service.

[FR Doc. 00–13290 Filed 5–25–00; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 54

[Docket No. LS–98–12]

RIN 0581–AB83

Changes in Fees for Federal Meat Grading and Certification Services

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: The Agricultural Marketing Service (AMS) is revising the hourly fee rates for voluntary Federal meat grading and certification services. The hourly fees will be adjusted by this final rule to reflect the increased cost of providing service, and ensure that the Federal meat grading and certification program is operated on a financially self-supporting basis as required by law.

EFFECTIVE DATE: June 26, 2000.

FOR FURTHER INFORMATION CONTACT: Larry R. Meadows, Chief, Meat Grading and Certification (MGC) Branch (202) 720–1246.

SUPPLEMENTARY INFORMATION:

A. Executive Order 12866

This action has been determined to be not significant for purposes of Executive Order 12866, and has not been reviewed by the Office of Management and Budget (OMB).

B. Regulatory Flexibility

Pursuant to the requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*), the Administrator of AMS has considered the economic impact of this proposed action on small entities.

AMS, through its MGC Branch, provides voluntary Federal meat grading and certification services to a total of 370 business of which 264 are small entities. Small entities, which account for approximately 38 percent of the MGC Branch's total revenues, are defined as those that employ less than 500 employees. The breakdown of small entities that AMS provides meat grading and certification services to are as follows: 93 meat processors, 90 livestock slaughterers, 52 facilities that further process federally donated products, 13 trade associations, 9 livestock feeders, 3 trucking companies, and 4 brokers. These small entities are under no obligation to use meat grading and certification services provided under the authority of the Agricultural Marketing Act of 1946 (AMA), as amended, 7 USC 1621 *et seq.*

Voluntary meat grading and certification services facilitate the orderly marketing of meat and meat products and enable consumers to obtain the quality of meat they desire. Grading services consist of the evaluation of carcass beef, lamb, pork, veal, and calf for conformance with the grades of an official U.S. Standard for each species. Approximately 21 billion pounds of meat is graded each year. Certification services consist of the evaluation of meat and meat products for compliance with specification and contractual requirements. Certification services are used most often by large-scale meat purchasers to ensure that the quality and yields of the products they purchase comply with their stated requirements. Approximately 17 billion pounds of meat and meat products are certified each year.

AMS regularly reviews its user-fee-financed programs to determine if the fees are adequate. The most recent review determined that the existing fee schedule would not generate sufficient revenues to recover program costs for current and near-term periods while maintaining an adequate reserve balance. Without a fee increase, the projected operating losses for fiscal year (FY) 2000, FY 2001, and FY 2002 will be $1.9 million, $2.9 million, and $4.1 million respectively. Operating losses at these levels will deplete MGC Branch's operating reserve and place the Branch in an unstable financial position that will adversely affect its ability to provide the current level of grading and certification services. Any reduction in Branch services has the potential to substantially harm small and limited resource firms that rely on grading and certification services to market their products and compete in a global marketplace.

This action will raise the fees charged to all users of grading and certification services. AMS estimates that overall, this will yield an additional $175 thousand in revenue for the balance of FY 2000. Of this $175 thousand, small businesses would pay approximately $66,500 or an average of $255 per month. In FY 2001 and 2002, small entities will pay approximately $798,000, an average of $255 per month or $3,058 per year. However, due to increased program and industry efficiencies, the FY 2000–2002 unit costs of program services (revenue/total pounds graded and certified) will remain virtually unchanged at approximately $0.0006 per pound for each fiscal year. Accordingly, the Administrator of AMS has determined that this proposal would not have a significant economic effect on a substantial number of small business entities.

This fee increase, only the second since November 1993, is necessary to offset increased program operating costs resulting from: (1) The congressionally-mandated, governmentwide salary increases for 1998, 1999, and 2000; (2) inflation of nonsalary operating costs; (3) accumulated increases in CONUS per diem rates; (4) increased costs of servicing less than full-time applicants; and (5) costs associated with updating the MGC Branch's automated information management system to ensure compliance with year 2000 operating requirements.

Since 1993, in an ongoing effort to control operating costs, the MGC Branch has closed 3 field offices, reduced mid-level supervisory staff by over 50 percent, and reduced the number of support staff by 38 percent. At the same time, the MGC Branch has become more reliant on automated information management systems for data collection, retrieval, and dissemination, account billing, and disbursement of employee entitlements. The reduction in field offices, supervisory staff, support personnel, and the increased reliance on automated systems has enabled the MGC Branch to absorb a substantial portion of the increased operating costs and minimize increases in user-fees over the past 7 years.

Despite the MGC Branch's vigilant cost reduction efforts since 1993, the operating expenses projected for FY 2000 and beyond can only be balanced by adjusting the hourly fee rate charged to users of meat grading and certification services. Any further reduction in personnel, services, or management infrastructure beyond those already implemented would have a detrimental effect on the program's ability to provide meat grading and certification services and ensure the accurate and uniform application of such services. The hourly rate increase is necessary to recover the costs of providing voluntary Federal meat grading and certification services and for the program to continue serving all segments of the industry.

C. Civil Justice Reform

This action has been reviewed under Executive Order 12988, Civil Justice Reform. This action is not intended to have retroactive effect. This rule will not pre-empt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule. There are no administrative procedures which must be exhausted prior to any judicial challenge to the provisions of this rule.

D. Paperwork Reduction Act

This action will not impose any additional reporting or recordkeeping requirements on either small or large meat slaughters, processors, and other applicants who use Federal meat grading and certification services.

Comments

On January 20, 2000, (65 FR 3155) in the **Federal Register**, the Agency published the proposed rule to increase the fees for Federal Meat Grading and Certification services and requested comments by March 20, 2000. The Agency received two comments. The first respondent requested that AMS work more closely with industry to identify alternatives to current grading and certification operations and procedures to stem future rate increases. The respondent went on to identify the following as possible areas the Industry and AMS could work cooperatively to achieve cost savings or stem future user-fee increases: (1) Incorporating technological advances; (2) identifying appropriate quality control or process verification activities that could be shifted to the Industry; and, (3) identifying plant operation alternatives.

AMS is continually seeking ways to reduce costs to the industry and increase operational efficiency. This fee increase, combined with the previous increase in 1998, equates to an average annual increase of 3.3 percent since 1993. However, during this same time the amount of product graded and certified has dramatically increased by over 9 billion pounds per year in comparison to the total graded and certified in FY 1993. This amounts to a 48 percent per hour increase in efficiency. The increased efficiencies offset the increase in fee rates to leave the overall cost per pound to the industry unchanged at $0.0006 per pound. As requested by the respondent, the Agency is currently and will continue seeking ways to increase efficiency and reduce the total cost of grading and certification services to the industry. In fact, AMS is actively involved in each of the areas identified by the respondent for potential cost savings. For example, AMS is cooperating with an industry research project to test video-imaging technology for grading and certification applications. Additionally, AMS is expanding the role of statistical process control as a basis of program verification activities in many carcass and meat marketing programs.

The second respondent questioned the need for revising the fee rates and emphasized the effect of the user fees on small entities. Small entities generate 38 percent of the Agency's meat grading and certification hourly revenues. The Agency is keenly aware of how fee increases impact small entities. In the more than 70 years meat grading and certification services have been available, the Agency has always ensured that every alternative to a fee increase has been considered. This fee increase, only the second since November 1993, is necessary to offset increased program operating costs resulting from: (1) The congressionally-mandated, governmentwide salary increases for 1998, 1999, and 2000; (2) inflation of nonsalary operating costs; (3) accumulated increases in CONUS per diem rates; (4) increased costs of servicing less than full-time applicants; and, (5) costs associated with updating the MGC Branch's automated information management system to ensure compliance with year 2000 operating requirements. Despite the MGC Branch's cost reduction efforts and increased efficiency, the operating expenses projected for FY2000 and beyond can only be balanced by adjusting the hourly fee rate charged to users of voluntary meat grading and certification services. Any further reduction in personnel, services, or management infrastructure beyond those already in place would have a detrimental effect on the program's ability to provide meat grading and certification services and ensure the accurate application of such services. Further, any reduction in Branch services has the potential to substantially (and disproportionally) harm small and limited resource firms that rely on grading and certification services to market their products and compete in a global marketplace.

Background

The Secretary of Agriculture is authorized by the AMA, 1946 as amended, 7 U.S.C. 1621 *et seq.*, to provide voluntary Federal meat grading and certification services to facilitate the orderly marketing of meat and meat products and to enable consumers to obtain the quality of meat they desire. The AMA also provides for the collection of fees from users of the Federal meat grading and certification services that are approximately equal to the cost of providing these services. The hourly fees for service are established by equitably distributing the projected annual program operating costs over the estimated hours of service—revenue hours—provided to users of the service. Program operating costs include salaries and fringe benefits of meat graders, supervision, travel, training, and all administrative costs of operating the program. Employee salaries and benefits account for approximately 80 percent of the total budget. Revenue hours include base hours, premium hours, and service performed on Federal legal holidays. As program operating costs continue to rise, the hourly fees must be adjusted to enable the program to remain financially self-supporting as required by law.

In view of these considerations, the Agency will increase the base hourly rate commitment applicants pay for voluntary Federal meat grading and certification services from $39.80 to $45. A commitment applicant is a user of meat grading and certification services who agrees to pay for five continuous 8 hour days, Monday through Friday between the hours of 6 a.m. and 6 p.m., excluding legal holidays. The base hourly rate for noncommitment applicants will increase from $42.20 to $52. A noncommitment applicant is a user of meat grading and certification services for eight consecutive hours or less per day between the hours of 6 a.m. and 6 p.m., excluding legal holidays. The hourly rate for premium hours will increase from $47.80 to $57, and will be charged to users of the service for hours worked in excess of 8 hours per day for each assigned official grader and for work performed before 6 a.m. and after 6 p.m., Monday through Friday, and any time on Saturday or Sunday, except on Federal legal holidays. The holiday rate for all applicants will increase from $79.60 to $90, and will be charged to users of the service for all hours worked on legal holidays.

List of Subjects in 7 CFR Part 54

Food grades and standards, Food labeling, Meat and meat products.

For the reasons set forth in the preamble, 7 CFR part 54 is amended as follows:

PART 54—MEATS, PREPARED MEATS, AND MEAT PRODUCTS (GRADING, CERTIFICATION, AND STANDARDS)

1. The authority citation for part 54 continues to read as follows:

Authority: 7 U.S.C. 1621–1627.

§ 54.27 [Amended]

2. In § 54.27, paragraph (a), ''$42.20'' is removed and ''$52'' is added in its place, ''$47.80'' is removed and ''$57'' is added in its place, ''$79.60'' is removed and ''$90'' is added in its place, and paragraph (b), ''$39.80'' is removed and ''$45'' is added in its place, ''$47.80'' is removed and ''$57'' is added in its place, ''$79.60'' is removed and ''$90'' is added in its place.

Dated: May 22, 2000.

Barry L. Carpenter,

Deputy Administrator, Livestock and Seed Program.

[FR Doc. 00–13240 Filed 5–25–00; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1728

Specifications and Drawings for Underground Electric Distribution

AGENCY: Rural Utilities Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Utilities Service (RUS) is revising its regulations on Specifications and Drawings for Underground Electric Distribution, RUS Bulletin 50–6. This bulletin is currently incorporated by reference in RUS regulations and, will continue to be incorporated by reference. This revision is necessary to provide RUS electric borrowers with the latest specifications for constructing their rural underground electric distribution systems using state-of-art materials, equipment, and construction methods. RUS is renumbering and reformating the revised bulletin in accordance with the agency's new publications and directives system.

DATES: *Effective Date:* June 26, 2000.

Incorporation by Reference: IBR approved by the Director, Office of the Federal Register, June 26, 2000.

FOR FURTHER INFORMATION CONTACT: Mr. Trung V. Hiu, Electrical Engineer, Distribution Branch, Electric Staff