

- 4. Section 305.9 is amended as follows:
  - a. By revising the section heading to read as set forth below.
  - b. By revising paragraph (b), including the table, to read as set forth below.

**§ 305.9 Aerosol spray for aircraft treatment schedule.**

\* \* \* \* \*

(b) *Aerosol schedule.*

Treatment schedule	Aerosol	Rate
T-409b .....	d-phenothrin (10%).	8g/1,000 ft <sup>3</sup> .

- 5. In § 305.10, in the table in paragraph (a)(3), the entry for T-108b is revised to read as follows:

**§ 305.10 Treatment schedules for combination treatments.**

- (a) \* \* \*
- (3) \* \* \*

Treatment schedule	Type of treatment	Temperature (°F)	Dosage rate (lb/1,000 cubic feet)	Exposure period (hours)
T108-b .....	MB .....	50 or above .....	1.5	2 hours.
		40-49 .....	2	2 hours.
	CT .....	33 or below .....		21 days.

\* \* \* \* \*

Done in Washington, DC, this 20th day of May 2008.

**Kevin Shea,**

*Acting Administrator, Animal and Plant Health Inspection Service.*

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**BILLING CODE 3410-34-P**

**DEPARTMENT OF AGRICULTURE**

**Commodity Credit Corporation**

**7 CFR Part 1427**

**RIN 0560-AH78**

**Cotton World Price Determination**

**AGENCY:** Farm Service Agency and Commodity Credit Corporation, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Commodity Credit Corporation (CCC) is revising the Upland Cotton regulations to use Far East prices instead of Northern Europe prices in determining the upland cotton adjusted world price (AWP). The change is being made because of changes in the market and in the available price data. The AWP is used to determine repayment rates for marketing assistance loans (MAL) and to establish loan deficiency payments (LDP).

**DATES:** *Effective Date:* May 23, 2008.

**FOR FURTHER INFORMATION CONTACT:** Scott Sanford, Fibers, Peanuts, and Tobacco Analysis Director, Economic and Policy Analysis Staff, Farm Service Agency, United States Department of Agriculture (USDA), Stop 0515, 1400 Independence Ave., SW., Washington, DC 20250-0515. Telephone: (202) 720-3392. Electronic mail: [Scott.Sanford@wdc.usda.gov](mailto:Scott.Sanford@wdc.usda.gov). Persons

with disabilities who require alternative means for communication (Braille, large print, audio tape, etc.) should contact the USDA Target Center at (202) 720-2600 (voice and TDD).

**SUPPLEMENTARY INFORMATION:**

**Background**

CCC administers the commodity loan program for upland cotton. Under section 1204 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171, 7 U.S.C. 7934), repayment of the loan is allowed at the AWP in lieu of what would otherwise be full repayment of the loan plus interest. Under section 1204, AWP is the “prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.” No particular formula is set by the statute for determining the prevailing world price; however, as specified in the regulation in 9 CFR 1427.25, for the 2007 and preceding crops CCC has used a northern Europe (NE) price. While the statute does not require the use of an NE price for this purpose the statute does require the use of an NE price for certain other purposes, one being in connection with an adjustment, under section 1234(e), to the otherwise determined AWP, and the other being in connection with import quotas under section 1237(b). AWP’s are announced each Thursday and are generally based on quotes for a particular crop—that is, cotton in a particular crop year. The changeover from one crop to the next occurs in April. By regulation, there is a 6-week phase-in period in which the old and new crop prices are mixed progressively in favor of new crop prices.

This rule changes the basic AWP determination to a Far East (FE) rather

than NE basis. At one time, northern Europe was a center of cotton trade. However, in recent years much of the focus of world trade in cotton has moved to the Pacific Rim countries, especially China. Now, the vast majority of U.S. cotton exports are destined for the Far East, with smaller shares to South Asia, Mexico, and Turkey. Less than one percent of U.S. cotton exports are now bound for Northern Europe. Also, Cotlook, Ltd. (Cotlook), the supplier of NE quotes, has announced that it will not publish forward crop quotes, NE basis, for the 2008 season. No NE quotes will be published by Cotlook at all after July 31, 2008. By contrast, Cotlook will continue to publish Far East prices. There is no alternative, preferable reporting system. The coarse count adjustment of section 1427.25(f) of the regulations will be made on an FE rather than NE basis. In the two instances in which an NE basis is statutorily required those determinations will be made using such direct or indirect data as may be available.

**Notice and Comment**

These regulations are exempt from the notice and comment requirements of the Administrative Procedure Act (5 U.S.C. 553), as specified in section 1601(c) of the 2002 Farm Bill, which requires that the regulations be promulgated and administered without regard to the notice and comment provisions of section 5 of title 5 of the United States Code or the Statement of Policy of the Secretary of Agriculture effective July 24, 1971, (36 FR 13804) relating to notices of proposed rulemaking and public participation in rulemaking.

**Executive Order 12866**

The Office of Management and Budget (OMB) designated this rule as economically significant under Executive Order 12866 and, therefore, OMB reviewed this final rule. A cost-benefit assessment of this rule was completed and is available from the contact information above.

**Summary of Economic Impacts**

The switch to FE as the basis for determining the cotton AWP is expected to generate modest savings as lower transportation costs to the FE. The net effect will likely raise the AWP, reducing CCC's exposure on marketing loan benefits.

Counter-cyclical payments are not affected because the change to FE quotes does not affect the marketing year average price that triggers counter-cyclical payments.

Recent survey results quantify the transportation cost savings associated with a shift from the NE to the FE market. Annually, CCC conducts a survey of transportation costs for delivering U.S. cotton to foreign ports. In the February 2008 survey, shippers were asked to estimate their costs for delivery to FE as well as NE ports, resulting in NE costs of 14.52 cents per pound and FE costs of 12.41 cents per pound. The difference, 2.11 cents per pound, more than offsets the historical average of 1.07 cents per pound by which FE quotes exceed NE quotes. As a result, the AWP on an FE basis will be 1.04 cents per pound higher (2.11 cents minus 1.07 cents) than it would be on an NE basis, and marketing loan benefits (when available) will be 1.04 cents per pound lower. Based on a 20-million bale crop (the average of recent years), marketing loan benefits (when available) would be \$104 million per year lower using Far East quotes.

The change recognizes the shift in world cotton trade to the FE market that has occurred over time. In addition, it allows the program to operate in the manner that provides a smooth transition between crop years, while reducing potential CCC budgetary outlays.

**Regulatory Flexibility Act**

This rule is not subject to the Regulatory Flexibility Act since CCC is not required to publish a notice of proposed rulemaking for this rule.

**Environmental Review**

The environmental impacts of this rule have been considered in a manner consistent with the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321–4347, the

regulations of the Council on Environmental Quality (40 CFR parts 1500–1508), and the FSA regulations for compliance with NEPA (7 CFR part 799). The following final rule was determined to be Categorically Excluded. Therefore, no environmental assessment or environmental impact statement will be completed for this final rule.

**Executive Order 12372**

This program is not subject to Executive Order 12372, which requires consultation with State and local officials. See the notice related to 7 CFR part 3015, subpart V, published in the **Federal Register** on June 24, 1983 (48 FR 29115).

**Executive Order 12612**

This rule does not have Federalism implications that warrant the preparation of a Federalism Assessment. This rule will not have a substantial direct effect on States or their political subdivisions or on the distribution of power and responsibilities among the various levels of government.

**Executive Order 12988**

This final rule has been reviewed under Executive Order 12988. This final rule is not retroactive and it does not preempt State or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule. Before any judicial action may be brought regarding the provisions of this rule the administrative appeal provisions of 7 CFR parts 11 and 780 must be exhausted.

**Unfunded Mandates**

This rule contains no Federal mandates under the regulatory provisions of Title II of the UMRA for State, local, and tribal government or the private sector. In addition, CCC was not required to publish a notice of proposed rulemaking for this rule. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

**Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)**

Section 1601(c)(3) of the 2002 Farm Bill requires that the Secretary use the authority in section 808 of title 5, United States Code, which allows an agency to forgo SBREFA's usual 60-day Congressional Review delay of the effective date of a major regulation if the agency finds that there is a good cause to do so. Accordingly, this rule is effective upon publication in the **Federal Register**.

**Paperwork Reduction Act**

These regulations are exempt from the requirements of the Paperwork Reduction Act (44 U.S.C. Chapter 35), as specified in section 1601(c)(2)(A) of the 2002 Farm Bill, which provides that these regulations be promulgated and administered without regard to the Paperwork Reduction Act.

**E-Government Act Compliance**

CCC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

**List of Subjects in 7 CFR Part 1427**

Cotton, Cottonseeds, Loan programs—agriculture, Packaging and containers, Price support programs, Reporting and recordkeeping requirements, Surety bonds, Warehouses.

■ Accordingly, amend 7 CFR part 1427 as follows:

**PART 1427—COTTON**

■ 1. Revise the authority for part 1427 to read as follows:

**Authority:** 7 U.S.C. 7231–7236, 15 U.S.C. 714b and 714c, Public Law 108–324, Public Law 108–447, and Public Law 109–234.

■ 2. Amend § 1427.3 as follows:

■ a. Remove the definition of “current shipment price” and add a new definition, in alphabetical order, for the term “current northern Europe shipment”.

■ b. Remove the definition of “forward shipment price” and add a new definition, in alphabetical order, for the term “Forward northern Europe shipment” to read as follows.

■ c. Amend the definition of “U.S. Northern Europe current price” by removing the words “current shipment” and adding the words “current northern Europe shipment” in their place.

■ d. Revise the definition of “U.S. Northern Europe forward price” by removing the words “forward shipment” and adding the words “forward northern Europe shipment” in their place.

■ e. Add new definitions, in alphabetical order, for the following terms “Current Far East shipment price,” “Far East current price,” “Far East forward price,” “Far East price,” “Forward Far East shipment price,” “U.S. Far East current price,” “U.S. Far East forward price,” and “U.S. Far East price,” as set forth below:

**§ 1427.3 Definitions.**

\* \* \* \* \*

Current Far East shipment price means, during the period in which two daily price quotations are available for the growth quoted for M 1 3/32 inch cotton, CFR (cost and freight) Far East, the price quotation for cotton for shipment no later than August/September of the current calendar year.

Current northern Europe shipment means, during the period in which two daily price quotations are available for the growth quoted for M 1 3/32 inch cotton, C.I.F. northern Europe, the price quotation for cotton for shipment no later than August/September of the current calendar year.

Far East current price means the average for the preceding Friday through Thursday of the current shipment prices for the five lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East.

Far East forward price means the average for the preceding Friday through Thursday of the forward shipment prices for the five lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East.

Far East price means, during the period in which only one daily price quotation is available for the growth quoted for M 1 3/32 inch cotton, CFR Far East, the average of the price quotations for the preceding Friday through Thursday of the five lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East.

Forward Far East shipment price means, during the period in which two daily price quotations are available for the growths quoted for M 1 3/32 inch cotton, CFR Far East, the price quotation for cotton for shipment no earlier than October/November of the current calendar year.

Forward northern Europe shipment means, during the period in which two daily price quotations are available for the growths quoted for M 1 3/32 inch cotton, C.I.F. northern Europe, the price quotation for cotton for shipment no earlier than October/November of the current calendar year.

U.S. Far East current price means the average for the preceding Friday through Thursday of the current Far East shipment prices for the lowest-priced U.S. growth as quoted for M 1 3/32 inch cotton, CFR Far East.

U.S. Far East forward price means the average for the preceding Friday through Thursday of the forward Far East shipment prices for the lowest-priced U.S. growth as quoted for M 1 3/32 inch cotton, CFR Far East.

U.S. Far East price means, during the period in which only one daily price quotation is available for the U.S. growths quoted for M 1 3/32 inch cotton, CFR Far East, the average of the price quotations for the preceding Friday through Thursday of the lowest-priced U.S. growth as quoted for M 1 3/32 inch cotton, CFR Far East.

- 3. Amend § 1427.25 as follows:
a. Revise the following paragraphs to read as set forth below: paragraphs (a)(1), (a)(2), (c)(1)(i)(B), (d)(2)(i), (f)(2)(i)(B), and (g).
b. In paragraph (a)(3), remove the words "Northern Europe price (NE)" and add, in their place the words "Far East price (FE)."
c. In the following places, remove the abbreviation "NE" and add, in their place the abbreviation "FE:"
i. Paragraph (c) introductory text,
ii. Paragraph (c)(1) introductory text, and
iii. Paragraph (f)(2)(i) introductory text.
d. In paragraphs (f)(2)(iii) and (f)(3) introductory text, remove the words "Northern Europe" and add, in their place the words "Far East."
e. In the following places, remove the words "C.I.F. northern Europe" and add, in their place each time they appear, the words "CFR Far East:"
i. Paragraph (c)(1)(i)(A),
ii. Paragraph (d)(1) introductory text,
iii. Paragraph (d)(2) introductory text,
iv. Paragraph (d)(3)(i), and
v. Paragraph (f)(2)(i)(A).
f. In paragraph (c)(4)(i)(B), add the abbreviation "(NE)" immediately following the words "northern Europe."
g. In paragraph (c)(4)(ii), remove the word "shipment" and add, in its place each time it appears, the words "northern Europe shipment."
h. In paragraph (c)(4)(iv)(B), remove the reference "paragraph (a)" and add, in its place, the reference "paragraph (c)."
i. In paragraphs (d)(1)(i) and (ii), remove the words "northern Europe" and add, in their place each time they appear, the words "the Far East:"
j. In paragraph (d)(2)(i), remove the words "northern Europe quotation" and add, in their place, the words "Far East quotation."
k. In paragraph (e), remove the word "Standard" each time it appears.

§ 1427.25 Determination of the prevailing world market price and the adjusted world price for upland cotton.

- (a) \* \* \*
(1) During the period when only one daily price quotation is available for each growth quoted for Middling one

and three-thirty-second inch (M 1 3/32 inch) cotton, CFR (cost and freight) Far East, the prevailing world market price for upland cotton will be based on the average of the quotations for the preceding Friday through Thursday for the 5 lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East.

(2) During the period when both a price quotation for cotton for shipment no later than August/September of the current calendar year (current Far East shipment price) and a price quotation for cotton for shipment no earlier than October/November of the current calendar year (forward Far East shipment price) are available for growths quoted for M 1 3/32 inch cotton, CFR Far East, the prevailing world market price for upland cotton will be based on the following: Beginning with the first week covering the period Friday through Thursday that includes April 15 or, if both the average of the current Far East shipment prices for the preceding Friday through Thursday for the 5 lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East (Far East current price (FEc)), and the average of the forward Far East shipment prices for the preceding Friday through Thursday for the 5 lowest-priced growths of the growths quoted for M 1 3/32 inch cotton, CFR Far East (Far East forward price (FEf)), are not available during that period, beginning with the first week covering the period Friday through Thursday after the week which includes April 15 in which both the FEc and FEf price are available, the prevailing world market price for upland cotton will be based on the result calculated by the following procedure:

- (i) Weeks 1 and 2: ((2 x FEc) + FEf)/3.
(ii) Weeks 3 and 4: (FEc + FEf)/2.
(iii) Weeks 5 and 6: (FEc + (2 x FEf))/3.
(iv) Week 7 through July 31: FEf.

\* \* \* \* \*
(c) \* \* \*
(1) \* \* \*
(i) \* \* \*

(B) The average of the current Far East shipment prices for U.S. Memphis territory and the California/Arizona territory as quoted each Thursday for M 1 3/32 inch cotton, CFR Far East, during the period when both current Far East shipment prices and forward Far East shipment prices for such growths are available; and

\* \* \* \* \*
(d) \* \* \*
(2) \* \* \*

- (i) May use the available Far East quotation to determine the difference

between the average price quotations for the U.S. Memphis territory and the California/Arizona territory, as quoted for M 1<sup>3</sup>/<sub>32</sub> inch cotton, CFR Far East, and the average price of M 1<sup>3</sup>/<sub>32</sub> inch, leaf 3, (micronaire 3.5 through 3.6 and 4.3 through 4.9, strength 25.5 through 29.4 grams per tex, length uniformity 80 through 82 percent) cotton, as quoted each Thursday in the designated U.S. spot markets for that week, or

\* \* \* \* \*

(f) \* \* \*

(2) \* \* \*

(i) \* \* \*

(B) During the period when both current Far East shipment prices and forward Far East shipment prices are available for the growths quoted for "coarse count" cotton, CFR Far East, the result calculated by the following procedure: Beginning with the first week covering the period Friday through Thursday including April 15 or, if both the average of the current Far East shipment prices for the preceding Friday through Thursday for the three lowest-priced growths of the growths quoted for "coarse count" cotton, CFR Far East (Far East coarse count current price (FECCc)), and the average of the forward Far East shipment prices for the preceding Friday through Thursday for the three lowest-priced growths of the growths quoted for "coarse count" cotton, CFR Far East (Far East coarse count forward price (FECCf)), are not available during that period, beginning with the first week covering the period Friday through Thursday after the week including April 15 in which both the Far East coarse count current price and the Far East coarse count forward price are available:

(1) Weeks 1 and 2:  $(2 \times \text{FECCc}) + \text{FECCf}/3$ ;

(2) Weeks 3 and 4:  $(\text{FECCc} + \text{FECCf})/2$ ;

(3) Weeks 5 and 6:  $(\text{FECCc} + (2 \times \text{FECCf}))/3$ ; and

(4) Week 7 through July 31: The FECCf, minus:

\* \* \* \* \*

(g) If the 6-week transition period from using current Far East shipment prices to using forward Far East shipment prices in the determination of the FE under paragraph (a)(2) of this section, and the Far East coarse count price under paragraph (f)(2)(i)(B) of this section do not begin at the same time, CCC will use either current Far East shipment prices, forward Far East shipment prices, or any combination thereof to determine the FE and/or the Far East coarse count price used in the determination of the adjustment for upland cotton under paragraph (f)(1) of

this section and determined under paragraph (f)(2) of this section to prevent distortions in such adjustment.

\* \* \* \* \*

Signed at Washington, DC, on May 20, 2008.

**Teresa C. Lasseter,**

*Executive Vice President, Commodity Credit Corporation.*

[FR Doc. E8-11803 Filed 5-23-08; 8:45 am]

**BILLING CODE 3410-05-P**

## DEPARTMENT OF AGRICULTURE

### Rural Utilities Service

#### 7 CFR Part 1767

**RIN 0572-AC08**

#### Accounting Requirements for RUS Electric Borrowers

**AGENCY:** Rural Utilities Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Rural Utilities Service, an agency delivering the United States Department of Agriculture's Rural Development Utilities Programs, hereinafter referred to as Rural Development and/or Agency, is amending its regulation on accounting policies and procedures for Rural Development Electric Programs borrowers as set forth in 7 CFR part 1767, Accounting Requirements for Rural Development Electric Program Borrowers. This final rule reconciles Part 1767 with the Uniform System of Accounts as set forth by the Federal Energy Regulatory Commission (FERC); adopts FERC accounting guidance for Regional Transmission Organizations, Asset Retirement Obligations with modifications, Other Comprehensive Income, and Derivatives and Hedging Instruments; amends accounting interpretations for Special Equipment Accounting, Storm Damage, Rural Economic Development Loan and Grant Program and Consolidated Financial Statements; sets forth an accounting interpretation to establish uniform reporting procedures for Accounting for Cushion of Credit Accounts, and codifies guidance on records retention currently published in Bulletin 180-2. This final rule also corrects a number of administrative errors existing within this part. The section of the proposed rule that deals with accounting for and reporting on Renewable Energy Credits will be addressed in a subsequent final rule.

**EFFECTIVE DATE:** May 27, 2008.

**FOR FURTHER INFORMATION CONTACT:** Ms. Diana C. Alger, Chief, Technical

Accounting and Auditing Staff, Program Accounting Services Division, Rural Development, STOP 1523, Room 2221, South Building, U.S. Department of Agriculture, Washington, DC 20250, telephone number (202) 720-5227.

#### SUPPLEMENTARY INFORMATION:

##### General Discussion

On July 13, 2007 the Agency published a proposed rule in the **Federal Register** (72 FR 38511) entitled *Accounting Requirements for RUS Electric Program Borrowers*, and the public was invited to submit comments on or before September 11, 2007. Comments were received and are addressed in the Discussion Comment section of this rule. One issue still under consideration is the renewable energy credit market. The Agency has determined that it is best to defer any decisions on this accounting treatment until further information is available. A separate rulemaking will address this issue and will be published in the **Federal Register** at a future date.

##### Background

In order to facilitate the effective and economical operation of a business enterprise, adequate and reliable financial records must be maintained. Accounting records must provide a clear, accurate picture of current economic conditions from which management can make informed decisions in charting the company's future. The rate regulated environment in which an electric utility operates causes an even greater need for financial information that is accurate, complete, and comparable with that of other electric utilities.

Rural Development, as a Federal lender and mortgagee, and in furthering the objectives of the Rural Electrification Act (RE Act) (7 U.S.C. 901 *et seq.*), has a legitimate programmatic interest and a substantial financial interest in requiring adequate records to be maintained. In order to provide Rural Development with financial information that can be analyzed and compared with the operations of other borrowers in the Rural Development program, all Rural Development borrowers must maintain financial records that utilize uniform accounts and uniform accounting policies and procedures. The standard Rural Development security instrument, therefore, requires borrowers to maintain their books, records, and accounts in accordance with methods and principles of accounting prescribed by Rural Development in the Rural Development Uniform System of