

accreditation in accordance with § 353.8(a)(2)(ii) of this part.

(3) A facility that has been denied accreditation or had its accreditation withdrawn may not reapply within 60 days of the date the facility was notified in writing that accreditation was denied or withdrawn.

(4) After a facility is accredited, the facility must allow APHIS access to the facility and all of its equipment and records for the purpose of conducting unannounced audits to determine the facility's continuing eligibility for accreditation. Such audits will occur at least once a year and may be performed more frequently at the discretion of the Administrator.

(b) *Standards for accreditation.* A facility that, in accordance with § 353.8(b)(2) of this part, applies to be accredited to perform laboratory seed health testing or seed crop phytosanitary inspection will be evaluated for accreditation against these standards:

(1) *Physical plant.* The facility's physical plant (e.g., laboratory space, office space, greenhouses, vehicles, etc.) must:

(i) Have laboratory and office spaces enclosed by walls and locking doors to prevent unauthorized access;

(ii) Conform to all State and local zoning and other ordinances; and

(iii) Provide a work area that is dedicated to laboratory functions and has sufficient space to conduct the required tests and store the materials and samples required for the tests in a manner that prevents contamination by other samples in the laboratory and from other sources.

(2) The facility must have access to all equipment required to conduct the laboratory testing or seed crop phytosanitary inspections for which it is accredited. Specific test methodologies, materials, and the calibration and monitoring of the equipment must conform to Reference Manual B, which is incorporated by reference at § 300.1 of this chapter. The general requirements for each test category are as follows:

(i) *Seed crop phytosanitary inspections.* Seed crop phytosanitary inspection may also include related activities such as collection of seed samples for later laboratory testing, visual inspection of seed just prior to export, and inspection of greenhouses or growth chambers where plants are grown for seed production, as well as visual inspection of seed crops. In the field, inspectors must use accurate field maps, hand lenses, and secure containers for the collection, storage, and transportation of samples. Inspectors must have direct access to a

laboratory that is fully equipped to carry out any necessary diagnostic tests needed for field samples.

(ii) *Direct visual examination.* Visual examination of seed requires a stereo microscope. Visual examination of tissue requires a compound light microscope. Visual examination of loosely attached or accompanying material requires a centrifuge and shaker.

(iii) *Incubation.* Required equipment includes incubation chambers, laminar flow hoods, media preparation equipment, scales, pH meters, distilled and sterile water, gas burners, an autoclave, and the appropriate media for the specified tests.

(iv) *Grow-out tests.* Grow-out tests require a greenhouse, growth chamber, or an outdoor quarantine location, and access to a laboratory that is fully equipped to carry out any required diagnostic tests.

(v) *Serological tests.* These tests require grinding, extraction, and sample purification equipment; fluorescent microscopes; plate readers; spectrophotometers; and the appropriate assay materials; or the appropriate equipment to use field ready test kits.

(vi) *DNA probes.* To conduct these tests, a laboratory must be equipped with polymerase chain reaction (PCR) equipment, including thermal cyclers, electrophoresis and gel blotting equipment, and the reagents and DNA polymerases necessary to conduct the PCR.

(3) *Methods of testing and inspection.* The facility must conduct its laboratory seed health testing and seed crop phytosanitary inspection procedures in accordance with Reference Manual B. The facility must have a quality manual documenting its quality system for laboratory seed health testing and seed crop phytosanitary inspection procedures. The quality system must follow the general guidelines described in ANSI/ASQC Q9001-1994, *American National Standard: Quality Systems-Model for Quality Assurance in Design, Development, Production, Installation and Servicing*. Acceptable models for quality systems for accredited facilities are also described in detail in Reference Manual A, which is incorporated by reference at § 300.1 of this chapter. The personnel who perform the testing and inspection services must comply with the quality manual, and management must enforce this compliance. The facility must maintain documented procedures for identification, collection, indexing, access, filing, storage, maintenance, and disposition of quality system records. The facility must maintain quality system records to

demonstrate conformance to the quality manual and the effective operation of the quality system.

(4) *Personnel.* There must be a selection procedure and a training system to ensure technical competence of all staff members. The education, technical knowledge, and experience required to perform assigned test and inspection functions must be documented and clearly defined. In addition:

(i) Evaluation of plant or tissue samples must be undertaken by a plant pathologist or by laboratory technicians under the supervision of a plant pathologist, who may provide such supervision either on-site, or from a remote location. Where personnel are required to be trained at a facility to evaluate the particular types of plants or tissue samples handled by the facility, the training program must be evaluated by APHIS and determined to be effective.

(ii) All staff must have access to and be familiar with the reference materials, guides, and manuals required for the routine performance of the tests and inspections they conduct.

(Approved by the Office of Management and Budget under control number 0579-0130.)

Done in Washington, DC, this 11th day of July 2001.

Craig A. Reed,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 01-17839 Filed 7-17-01; 8:45 am]

BILLING CODE 3410-34-U

DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

7 CFR Part 301

[Docket No. 01-048-1]

Pine Shoot Beetle; Addition to Quarantined Areas

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Interim rule and request for comments.

SUMMARY: We are amending the pine shoot beetle regulations by adding counties in Illinois, Indiana, Maine, Maryland, New York, Ohio, Pennsylvania, Vermont, and West Virginia to the list of quarantined areas. This action is necessary to prevent the spread of pine shoot beetle, a pest of pine products, into noninfested areas of the United States. We are also making nonsubstantive revisions to the entries

for Illinois, Indiana, Michigan, New York, and Ohio to address inconsistencies in the county listings and correct misspellings.

DATES: This interim rule is effective on July 18, 2001. We invite you to comment on this docket. We will consider all comments that we receive by September 17, 2001.

ADDRESSES: Please send four copies of your comment (an original and three copies) to: Docket No. 01-048-1, Regulatory Analysis and Development, PPD, APHIS, Suite 3C03, 4700 River Road, Unit 118, Riverdale, MD 20737-1238. Please state that your comment refers to Docket No. 01-048-1.

You may read any comments that we receive on this docket in our reading room. The reading room is located in room 1141 of the USDA South Building, 14th Street and Independence Avenue SW., Washington, DC. Normal reading room hours are 8 a.m. to 4:30 p.m., Monday through Friday, except holidays. To be sure someone is there to help you, please call (202) 690-2817 before coming.

APHIS documents published in the **Federal Register**, and related information, including the names of organizations and individuals who have commented on APHIS dockets, are available on the Internet at <http://www.aphis.usda.gov/ppd/rad/webrepor.html>.

FOR FURTHER INFORMATION CONTACT: Mr. Jonathan Jones, Operations Officer, Invasive Species and Pest Management, PPQ, APHIS, 4700 River Road, Unit 134, Riverdale, MD 20737-1236, (301) 734-8247.

SUPPLEMENTARY INFORMATION:

Background

The regulations in 7 CFR 301.50 through 301.50-10 (referred to below as the regulations) restrict the interstate movement of certain regulated articles from quarantined areas in order to prevent the spread of pine shoot beetle (PSB) into noninfested areas of the United States.

PSB is a pest of pine trees that can cause damage in weak and dying trees, where reproduction and immature stages of PSB occur. During "maturation feeding," young beetles tunnel into the center of pine shoots (usually of the current years growth), causing stunted and distorted growth in host trees. PSB is also a vector of several diseases of pine trees. Factors that may result in the establishment of PSB populations far from the location of the original host tree include: (1) Adults can fly at least 1 kilometer, and (2) infested trees and pine products are often transported long

distances. This pest damages urban ornamental trees and can cause economic losses to the timber, Christmas tree, and nursery industries.

PSB hosts include all pine species. The beetle has been found in a variety of pine species (*Pinus* spp.) in the United States. Scotch pine (*P. sylvestris*) is the preferred host of PSB. The Animal and Plant Health Inspection Service (APHIS) has determined, based on scientific data from European countries, that fir (*Abies* spp.), spruce (*Larix* spp.), and larch (*Picea* spp.) are not hosts of PSB.

Surveys conducted by State and Federal inspectors revealed 83 additional areas infested with PSB in 9 states (Illinois, Indiana, Maine, Maryland, New York, Ohio, Pennsylvania, Vermont, West Virginia). Copies of the surveys may be obtained by writing to the individual listed under **FOR FURTHER INFORMATION CONTACT**.

The regulations in § 301.50-3 provide that the Administrator of APHIS will list as a quarantined area each State, or each portion of a State, in which PSB has been found by an inspector, in which the Administrator has reason to believe PSB is present, or that the Administrator considers necessary to regulate because of its inseparability for quarantine enforcement purposes from localities in which PSB has been found.

In accordance with these criteria, we are designating De Witt, Macon, and Whiteside Counties, IL; Boone, Clinton, Johnson, Parke, Shelby, and Vermillion Counties, IN; Oxford County, ME; Frederick County, MD; Delaware, Otsego, and St. Lawrence Counties, NY; Butler, Champaign, Clark, Darke, Fairfield, Greene, Guernsey, Hamilton, Madison, Miami, Montgomery, Muskingum, Pickaway, Preble, Shelby, Vinton, and Warren Counties, OH; Huntingdon County, PA; Caledonia County, VT; and the remaining 50 counties in West Virginia, as quarantined areas, and we are adding them to the list of quarantined areas provided in § 301.50-3(c).

Miscellaneous

We are also making nonsubstantive revisions to § 301.50-3(c) to address inconsistencies in the county listings and correct misspellings in the entries for Illinois, Indiana, Michigan, New York, and Ohio.

Emergency Action

This rulemaking is necessary on an emergency basis to prevent PSB from spreading to noninfested areas of the United States. Under these circumstances, the Administrator has determined that prior notice and

opportunity for public comment are contrary to the public interest and that there is good cause under 5 U.S.C. 553 for making this rule effective less than 30 days after publication in the **Federal Register**. We will consider comments that are received within 60 days of publication of this rule in the **Federal Register**. After the comment period closes, we will publish another document in the **Federal Register**. The document will include a discussion of any comments we receive and any amendments we are making to the rule as a result of the comments.

Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. For this action, the Office of Management and Budget has waived its review process required by Executive Order 12866.

This emergency situation makes timely compliance with section 604 of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) impracticable. We are currently assessing the potential economic effects of this action on small entities. Based on that assessment, we will either certify that the rule will not have a significant economic impact on a substantial number of small entities or publish a final regulatory flexibility analysis.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V.)

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are inconsistent with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This interim rule contains no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 7 CFR Part 301

Agricultural commodities, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Transportation.

Accordingly, we are amending 7 CFR part 301 as follows:

PART 301—DOMESTIC QUARANTINE NOTICES

1. The authority citation for part 301 continues to read as follows:

Authority: 7 U.S.C. 166, 7711, 7712, 7714, 7731, 7735, 7751, 7752, 7753, and 7754; 7 CFR 2.22, 2.80, and 371.3.

Section 301.75–15 also issued under Sec. 204, Title II, Pub. L. 106–113, 113 Stat. 1501A–293; sections 301.75–15 and 301.75–16 also issued under Sec. 203, Title II, Pub. L. 106–224, 114 Stat. 400 (7 U.S.C. 1421 note).

2. Section 301.50–3 is amended as follows:

a. In paragraph (c), under Illinois, by adding new counties in alphabetical order and by revising the entries for Cook, Du Page, Iroquois, Kankakee, and Livingston.

b. In paragraph (c), under Indiana, by adding new counties in alphabetical order and by revising the entries for Benton, De Kalb, Delaware, Grant, Huntington, Miami, Tippecanoe, and White.

c. In paragraph (c), by adding a new entry for Maine.

d. In paragraph (c), under Maryland, by adding a new county in alphabetical order.

e. In paragraph (c), under Michigan, by revising the entries.

f. In paragraph (c), under New York, by revising the entries.

g. In paragraph (c), under Ohio, by adding new counties in alphabetical order and by revising the entries for Erie and Knox.

h. In paragraph (c), under Pennsylvania, by adding a new county in alphabetical order.

i. In paragraph (c), under Vermont, by adding a new county in alphabetical order.

j. In paragraph (c), under West Virginia, by revising the entries to include the entire State.

k. In paragraph (d), by revising the map.

§ 301.50–3 Quarantined areas.

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(c) * * *

Illinois

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Cook County. The entire county.

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De Witt County. The entire county.

Du Page County. The entire county.

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Iroquois County. The entire county.

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Kankakee County. The entire county.

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Livingston County. The entire county.

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Macon County. The entire county.

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Whiteside County. The entire county.

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Indiana

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Benton County. The entire county.

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Boone County. The entire county.

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Clinton County. The entire county.

De Kalb County. The entire county.

Delaware County. The entire county.

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Grant County. The entire county.

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Huntington County. The entire county.

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Johnson County. The entire county.

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Miami County. The entire county.

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Parke County. The entire county.

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Shelby County. The entire county.

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Tippecanoe County. The entire county.

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Vermillion County. The entire county.

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White County. The entire county.

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Maine

Oxford County. The entire county.

Maryland

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Frederick County. The entire county.

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Michigan

Alcona County. The entire county.

Allegan County. The entire county.

Alpena County. The entire county.

Antrim County. The entire county.

Arenac County. The entire county.

Barry County. The entire county.

Bay County. The entire county.

Benzie County. The entire county.

Berrien County. The entire county.

Branch County. The entire county.

Calhoun County. The entire county.

Cass County. The entire county.

Charlevoix County. The entire county.

Cheboygan County. The entire county.

Chippewa County. The entire county.

Clare County. The entire county.

Clinton County. The entire county.

Crawford County. The entire county.

Delta County. The entire county.

Eaton County. The entire county.

Emmet County. The entire county.

Genesee County. The entire county.

Gladwin County. The entire county.

Grand Traverse County. The entire

county.

Gratiot County. The entire county.

Hillsdale County. The entire county.

Huron County. The entire county.

Ingham County. The entire county.

Ionia County. The entire county.

Iosco County. The entire county.

Isabella County. The entire county.

Jackson County. The entire county.

Kalamazoo County. The entire

county.

Kalkaska County. The entire county.

Kent County. The entire county.

Lake County. The entire county.

Lapeer County. The entire county.

Leelanau County. The entire county.

Lenawee County. The entire county.

Livingston County. The entire county.

Luce County. The entire county.

Mackinac County. The entire county.

Macomb County. The entire county.

Manistee County. The entire county.

Marquette County. The entire county.

Mason County. The entire county.

Mecosta County. The entire county.

Midland County. The entire county.

Missaukee County. The entire county.

Monroe County. The entire county.

Montcalm County. The entire county.

Montmorency County. The entire

county.

Muskegon County. The entire county.

Newaygo County. The entire county.

Oakland County. The entire county.

Oceana County. The entire county.

Ogemaw County. The entire county.

Osceola County. The entire county.

Oscoda County. The entire county.

Otsego County. The entire county.

Ottawa County. The entire county.

Presque Isle County. The entire

county.

Roscommon County. The entire

county.

Saginaw County. The entire county.

St. Clair County. The entire county.

St. Joseph County. The entire county.

Sanilac County. The entire county.

Schoolcraft County. The entire

county.

Shiawassee County. The entire

county.

Tuscola County. The entire county.

Van Buren County. The entire county.

Washtenaw County. The entire

county.

Wayne County. The entire county.

Wexford County. The entire county.

New York

Allegany County. The entire county.

Broome County. The entire county.

Cattaraugus County. The entire

county.

Cayuga County. The entire county.
Chautauqua County. The entire county.
Chemung County. The entire county.
Chenango County. The entire county.
Cortland County. The entire county.
Delaware County. The entire county.
Erie County. The entire county.
Genesee County. The entire county.
Jefferson County. The entire county.
Lewis County. The entire county.
Livingston County. The entire county.
Madison County. The entire county.
Monroe County. The entire county.
Niagara County. The entire county.
Oneida County. The entire county.
Onondaga County. The entire county.
Ontario County. The entire county.
Orleans County. The entire county.
Oswego County. The entire county.
Otsego County. The entire county.
St. Lawrence County. The entire county.
Schuyler County. The entire county.
Seneca County. The entire county.
Steuben County. The entire county.
Tioga County. The entire county.
Tompkins County. The entire county.
Wayne County. The entire county.

Wyoming County. The entire county.
Yates County. The entire county.

Ohio
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Butler County. The entire county.
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Champaign County. The entire county.
Clark County. The entire county.
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Darke County. The entire county.
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Erie County. The entire county.
Fairfield County. The entire county.
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Greene County. The entire county.
Guernsey County. The entire county.
Hamilton County. The entire county.
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Knox County. The entire county.
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Madison County. The entire county.
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Miami County. The entire county.
Montgomery County. The entire county.
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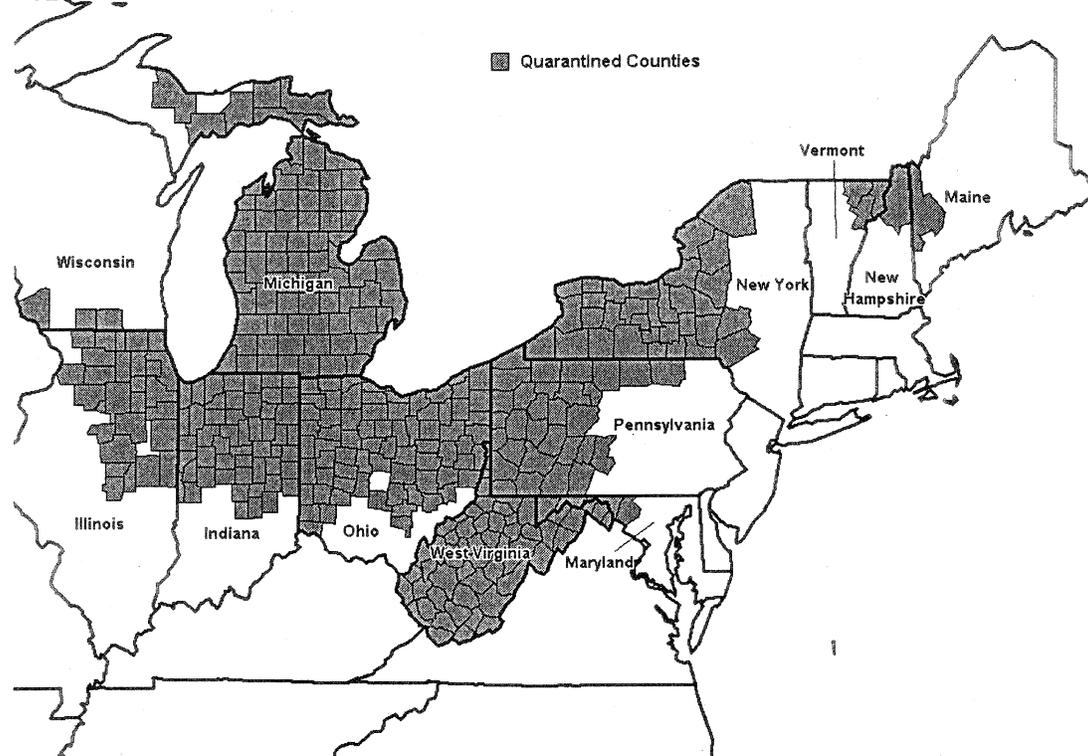
Muskingum County. The entire county.
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Pickaway County. The entire county.
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Preble County. The entire county.
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Shelby County. The entire county.
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Vinton County. The entire county.
Warren County. The entire county.
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Pennsylvania
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Huntingdon County. The entire county.
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Vermont
Caledonia County. The entire county.
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West Virginia
 The entire State.
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 (d) * * *

Pine Shoot Beetle (*Tomicus piniperda*) Quarantine



Done in Washington, DC, this 11th day of July 2001.

Bobby R. Acord,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 01-17902 Filed 7-17-01; 8:45 am]

BILLING CODE 3410-34-P

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1773

RIN 0572-AB66

Policy on Audits of RUS Borrowers; Management Letter

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice of confirmation of direct final rule.

SUMMARY: The Rural Utilities Service (RUS) hereby gives notice that comments were received regarding direct final rule, 7 CFR Part 1773, Policy on Audits of RUS Borrowers; Management Letter, and confirms the effective date of the direct final rule. This notice also serves to address the comments received.

DATES: The direct final rule published in the **Federal Register** on May 21, 2001 (66 FR 27829) is effective July 5, 2001.

FOR FURTHER INFORMATION CONTACT: Richard Annan, Chief, Technical Accounting and Auditing Staff, Program Accounting Services Division, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1523, Washington, DC 20250-1523. Telephone: 202-720-5227.

Background

Title 7 part 1773 implements the standard RUS security instrument provision requiring RUS electric and telecommunications borrowers to prepare and furnish to RUS, at least once during each 12-month period, a full and complete report of its financial condition, operations, and cash flows, in form and substance satisfactory to RUS; audited and certified by an independent Certified Public Accountant (CPA), satisfactory to RUS, and accompanied by a report of such audit, in form and substance satisfactory to RUS.

The Rural Utilities Service (RUS) published a direct final rule on May 21, 2001, at 66 FR 27829, in the **Federal Register** revising the requirements for the management letter. Section 1773.33(c) is revised to address continuing property records (CPRs) rather than the term plant records. In addition, the requirement that the CPA

state whether the CPRs have been established, is expanded wherein the CPA must state that the CPRs are established, maintained on a current basis, and are reconciled to the general ledger plant accounts. The requirements for the CPA to determine that the borrower secured RUS approval for the sale of plant in § 1773(c)(5) is expanded to include the sale, lease, or transfer of assets secured under the mortgage and to state whether the proceeds were handled in conformance with RUS requirements.

The following requirements under § 1773.33 are eliminated: (1) The requirement for the CPA to determine that loan funds were deposited in banks designated in the loan documents; (2) a corresponding requirement in the telecommunications management letter; (3) the requirement for the CPA to determine that the borrower has complied with the RUS requirement for approval of any lease of a building or land, standard traffic settlement agreement, billing and collecting agreements, toll pooling arrangements, directory service agreements, and joint-use agreement; and (4) the requirement for the CPA to determine borrower compliance with the requirement to maintain a net plant to secured debt ratio or a funded reserve for certain loans wherein the maturity period exceeds the economic life of the plant facilities being financed.

Section 1773.33, Management Letter, specifies the minimum requirements for the CPA's management letter. RUS borrowers have increasingly diversified into other utility and nonutility related activities through the formation of subsidiary and affiliated companies. RUS has need of information on investments in these subsidiary and affiliated companies to assist in its efforts to monitor loan security issues and respond to claims of cross subsidization. A new requirement for the CPA to provide a detailed analysis of borrowers' investments is therefore being added to the management letter requirements. The CPA is required to disclose certain general and financial information regarding each of a borrower's investments in subsidiary and affiliated companies accounted for on the cost or equity basis. This information should readily available in the borrower's investment subsidiary records.

In previous versions of part 1773 the sample reports, financial statements, and management letters were contained in four appendices, two for electric borrowers and two for telecommunications borrowers. Beginning with this revision of part

1773, the appendices will no longer be codified in the Code of Federal Regulations. The appendices will be available in new RUS Bulletin 1773-1, which will contain all of 7 CFR part 1773 and the appendices. Appendix A will contain the sample reports, financial statements and management letter for electric borrowers while Appendix B will contain similar sample for telecommunications borrowers. The exhibits of the management letters, which are included in the appendices, are attached to this notice for information only. Publishing part 1773 in bulletin form will provide the RUS audit policy in a user-friendly format. A single copy of this publication will be provided to all RUS borrowers and certified public accounts approved to perform audits of RUS borrowers and will be available at <http://www.usda.gov/rus/ruswide.htm>.

RUS received three comments on this direct final rule from one party, Kiesling Associates LLP, Madison Wisconsin, which RUS deemed to be not adverse. All of the comments were regarding the requirement to include a supplemental schedule of each investment in subsidiary and affiliated companies in the management letter as required in § 1773.33(i). A summary of their comments and the responses follows:

Comments

Comment: Kiesling stated that the audited financial statements of an RUS borrower already include disclosures of equity method investments and similar information is reported in Part G of the RUS Form 479. In addition, RUS requires the submission of supplemental schedules of financial condition and statement of operations for each subsidiary for consolidated financial statements. Kiesling also noted that Generally Accepted Auditing Standards (GAAP) also requires such disclosures.

Reply: The supplemental schedules containing the statement of financial condition and the statement of operations submitted with the audited consolidated financial statements contain only the information for the current and prior year for each subsidiary or affiliated company. However, if the investment is not considered material the supplemental statements are not required to be submitted with the consolidated financial statements. Only footnote disclosure would be required in such instances. The RUS requirement for the supplemental information regarding investments included in the management letter will provide a summary of the financial condition since inception for each individual