DEPARTMENT OF AGRICULTURE
Animal and Plant Health Inspection Service

9 CFR Part 50

[Draft No. APHIS–2006–0193]

RIN 0579–AC65

Tuberculosis; Require Approved Herd Plans Prior to Payment of Indemnity

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Proposed rule.

SUMMARY: We are proposing to amend the regulations regarding the payment of indemnity for animals destroyed because of bovine tuberculosis to provide that an approved herd plan must be in place prior to the payment of indemnity, and to provide that 10 percent of the gross indemnity payment be withheld by the Animal and Plant Health Inspection Service, USDA.

DATES: We will consider all comments that we receive on or before September 22, 2008.

ADDRESSES: You may submit comments by either of the following methods:


- Postal Mail/Commercial Delivery: Please send two copies of your comment to Docket No. APHIS–2006–0193, Regulatory Analysis and Development, PPID, APHIS, Station A3–03.8, 4700 River Road Unit 118, Riverdale, MD 20737–1238. Please state that your comment refers to Docket No. APHIS–2006–0193.

Reading Room: 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.

Other Information: Additional information about APHIS and its programs is available on the Internet at http://www.aphis.usda.gov.

FOR FURTHER INFORMATION CONTACT: Dr. C. William Hench, Senior Staff Veterinarian, National Tuberculosis Eradication Program, VS, APHIS, 2150 Centre Avenue, Building B, MS 3E20, Fort Collins, CO 80526; (970) 494–7378.

SUPPLEMENTARY INFORMATION:

Background

Federal regulations implementing the National Cooperative State/Federal Bovine Tuberculosis Eradication Program for bovine tuberculosis in livestock are contained in 9 CFR part 77, “Tuberculosis,” and in the “Uniform Methods and Rules–Bovine Tuberculosis Eradication” (UMR), January 22, 1999, edition, which is incorporated by reference into the regulations in part 77. Additionally, the regulations in 9 CFR part 50 (referred to below as the regulations) provide for the payment of indemnity to owners of certain animals destroyed because of tuberculosis in order to encourage destruction of animals that are infected with, or at significant risk of being infected with, the disease.

Since 1998, a total of 78 livestock herds have become affected with tuberculosis in the United States, and at least 4 of these herds were on premises where herds previously had been affected with tuberculosis and had either been depopulated and the herd owners paid Federal and State indemnity or undergone the approved quarantine, test, and removal program. Research has shown that there are ways to mitigate the spread of infection from wildlife to livestock, and herd plans have been developed for numerous herds specifying the mitigations that owners must implement to prevent reinfection.

In order to place more responsibility on owners to adhere to prescribed mitigation measures and protect their herds from reinfection, we are proposing to amend the regulations...
For owners that agree to follow an approved herd plan, the proposed rule would not change the amount of indemnity for which the herd owner is eligible; it would merely provide that only 90 percent of the gross indemnity payment be made after a herd plan has been approved and that 10 percent of the gross indemnity payment be withheld until the herd plan is effectively implemented. This change would provide owners with a strong incentive for participation because eligibility for Federal indemnity payments would be linked to participation in the program. This change would also provide an incentive for States to enforce approved herd plans and take action if owners are not adhering to them. The incentive to do so comes from the indirect effect of not having Federal indemnity available. Under sec. 10407(d) of the Animal Health Protection Act (AHPA) (7 U.S.C. 8306(d)), no payment of indemnity will be made for “any animal, article, facility, or means of conveyance that becomes or has become affected with or exposed to any pest or disease of livestock because of a violation of an agreement for the control and eradication of diseases or pests [such as an approved herd plan] or a violation of this subtitle [i.e., the AHPA] by the owner.” Accordingly, if a herd was to become reinfected as a result of a herd owner’s failure to follow an approved herd plan and, pursuant to the AHPA, the owner was denied Federal indemnity, the affected State would have to pay the costs of indemnity or the herd would remain in place under quarantine. If a sufficient number of affected herds were detected and not depopulated, it could ultimately result in a downgrade of the State’s tuberculosis status.

Similar Disease Programs
While these proposed changes would be new to the tuberculosis eradication program, similar strategies have been used in other plant and animal disease programs. Two such programs include the cooperative infectious salmon anemia (ISA) control program administered by APHIS and the State of Maine, and the voluntary control programs for low pathogenicity H5 and H7 avian influenza in poultry (LPAI). These programs provide strong incentives for participation because eligibility for Federal indemnity payments is linked to participation in the programs.

Regulations in 9 CFR part 53 provide that, in order for producers in the State of Maine to receive indemnity for fish destroyed because of ISA, claimants must participate fully in the cooperative ISA control program described in §53.10(e). An economic analysis we prepared in connection with the rulemaking that established those regulations cited several benefits that flowed from those requirements, including reduced costs to the Maine salmon industry from animal mortality, costs from possible State regulatory actions, and trade restrictions on U.S. salmon product exports. In addition, an aggressive program early on, while the number of known affected pens was reasonably small, obviated the need for higher future Federal costs to contain a more widespread outbreak. As a result of the ISA program, one-half of Maine’s salmon industry (along the West Coast of Cobscook Bay) avoided exposure to ISA.

Similarly, the regulations for the control of H5/H7 LPAI and a new indemnity program (9 CFR parts 56, 146, and 147) as part of the National Poultry Improvement Plan (NPIP) provide for the authority to pay indemnity of 100 percent of eligible costs associated with eradication of H5 and H7 LPAI for most participating producers and provide for the establishment of cooperative agreements with participating States through which States are eligible to receive 100 percent of the costs covered under the cooperative agreements. However, to qualify for 100 percent compensation, both the State and producers must participate in the LPAI control program; otherwise the compensation rate is only 25 percent. We believe that limiting indemnity payments to only 25 percent of associated costs serves as an incentive for participation in the voluntary control program for those few commercial poultry producers and States that do not participate in the NPIP and for those breeding poultry producers who participate in NPIP but not in its LPAI programs. Thus, given the expected participation rates among commercial growers and States, nearly all producers and States will qualify for 100 percent indemnification in an H5 or H7 outbreak.

Payment to Owners for Animals Destroyed
Section 50.3 of the regulations provides that we will pay indemnity to owners for cattle, bison, or captive cervids destroyed because of bovine tuberculosis, and sets a limit on the amount of joint State-Federal indemnity payment the owner receives when the animals are slaughtered.

We propose to amend §50.3 by adding a new paragraph (c) that would provide for the payment of 90 percent
of the gross indemnity amount for which the herd owner is eligible after a herd plan has been approved. APHIS would withhold the remaining 10 percent of the gross indemnity until the Veterinarian in Charge or official designated by him has conducted a site visit and has found that the herd owner has implemented the approved herd plan.

Claims for Indemnity

Section 50.12 includes provisions for making a claim for indemnity for cattle, bison, or captive cervids destroyed because of tuberculosis. Currently, the regulations provide that payment will be made only if the APHIS indemnity claim form has been approved by a proper State official and if payment of the claim has been recommended by the appropriate Veterinarian in Charge or an official designated by him. We would amend this section by adding the requirement that an approved herd plan be jointly completed by the herd owner and the State or Federal veterinarian as required under § 50.3(c) before a claimant may receive indemnity.

Claims Not Allowed

Section 50.14 provides that claims for compensation for cattle, bison, or captive cervids destroyed because of tuberculosis will not be allowed under certain specified conditions. For instance, indemnity will not be allowed if all cattle, bison, or captive cervids in the claimant’s herd have not been tested for tuberculosis, except under certain specified conditions. Nor will claims be paid if there is substantial evidence that the owner of the animals has attempted to obtain indemnity unlawfully or improperly.

We are proposing to amend the regulations in § 50.14 to ensure that producers have in place, and comply with the requirements of, an approved herd plan in order to receive Federal indemnity payments for livestock destroyed because of tuberculosis. We would add a new paragraph (h) to provide that claims for compensation will not be allowed unless an approved herd plan is in place that has been jointly approved by the herd owner(s) and/or their representative(s) and a State or Federal veterinarian as required under § 50.3(c). We would also add a new paragraph (i) to provide that claims for indemnity for livestock that have become reinfected with or exposed to tuberculosis because the claimant has failed to follow the provisions of an approved herd plan or has otherwise violated the conditions of an approved herd plan will not be allowed.

Executive Order 12866 and Regulatory Flexibility Act

This proposed rule has been reviewed under Executive Order 12866. The rule has been determined to be significant for the purposes of Executive Order 12866 and, therefore, has been reviewed by the Office of Management and Budget.

We are proposing to amend the regulations regarding the payment of indemnity for animals destroyed because of bovine tuberculosis to provide that an approved herd plan must be in place prior to the payment of indemnity, and to provide that 10 percent of the gross indemnity amount be held by APHIS until the conditions of an approved herd plan have been implemented. We are also proposing to amend the regulations to deny payments of Federal indemnity for a herd whose owner has failed to follow an approved herd plan, or has violated the conditions of an approved herd plan. We believe these proposed changes would further tuberculosis eradication efforts in the United States and protect livestock not affected with tuberculosis from the disease.

For this rule, we have prepared an economic analysis. The analysis considers the potential economic effects of the proposed changes on small entities, as required by the Regulatory Flexibility Act, and provides a discussion of the potential costs and benefits, as required by Executive Order 12866.

The economic affects associated with the proposed changes are likely to be limited. There are about 1 million cattle herds in the United States. Over the past 5 years, only about 1 out of every 100,000 cattle herds in the United States have been affected by bovine tuberculosis (table 1). Since 1998, there have been 78 tuberculosis-infected livestock herds in the United States. Of the 78 infected herds, 4 were on premises that had previously contained tuberculosis-infected herds. Had the provisions we are proposing in this document been in place, these four herds would have been denied Federal indemnity only if the herd owners had not followed specific requirements in the herd plan intended to prevent reinfection. Herd plans have been used for many years in the tuberculosis program. Because herd plans are routinely used and because this proposed rule would not change the amount of the indemnity for which the herd owner is eligible, the costs associated with the proposed changes in terms of forgone indemnity payments are expected to be minimal.

Since 2001, APHIS has paid $91 million in tuberculosis indemnities. The amount paid out in indemnities depends on a number of variables specific to each individual herd.

Experience demonstrates that reasonable estimates of indemnity payments per animal range from $1,000 to $1,200 for beef cattle and from $2,100 to $2,300 for dairy cattle. Records show that over the last decade, the average tuberculosis-affected dairy herd contained about 2,150 animals, and the average tuberculosis-affected beef herd contained about 170 animals. Based on

<table>
<thead>
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<th>Fiscal year</th>
<th>Number of positive TB cases not of foreign origin</th>
<th>Total number of U.S. cattle herds</th>
<th>Percentage of U.S. cattle herds affected by TB</th>
</tr>
</thead>
<tbody>
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<td>2003</td>
<td>11</td>
<td>1,013,570</td>
<td>&lt; 0.0011</td>
</tr>
<tr>
<td>2004</td>
<td>14</td>
<td>989,460</td>
<td>&lt; 0.0015</td>
</tr>
<tr>
<td>2005</td>
<td>13</td>
<td>982,510</td>
<td>&lt; 0.0014</td>
</tr>
<tr>
<td>2006</td>
<td>2</td>
<td>971,400</td>
<td>&lt; 0.0002</td>
</tr>
<tr>
<td>2007</td>
<td>9</td>
<td>971,400</td>
<td>&lt; 0.0010</td>
</tr>
</tbody>
</table>

these ranges for indemnity payments, the depopulation of a single reinfected beef herd of average size could cost the Federal government between $170,000 and $200,000 in indemnities, and the depopulation of a single reinfected dairy herd of average size could cost between $4.5 million and $4.9 million in indemnities.

The four premises where reinfections have occurred contained small numbers of cattle; the herds were about half as large as the average beef herd and less than one-twenty-fifth as large as the average dairy herd. A total of about $250,000 in indemnities was paid for the depopulation of reinfected herds on these four premises. As noted previously, these four herds would have been denied Federal indemnity under the provisions we are proposing if the herd owners had not followed specific requirements in the herd plan intended to prevent reinfection. By linking implementation of an approved herd plan and compliance with it to eligibility for Federal indemnity, we will place more responsibility on owners to adhere to prescribed mitigation measures and protect their herds from reinfection. We believe this would further tuberculosis eradication efforts in the United States and protect livestock not affected with tuberculosis from the disease.

According to Small Business Administration (SBA) size standards for beef cattle ranching and farming (North American Industry Classification System [NAICS] 112111) and for dairy cattle and milk production (NAICS 112120), operations with not more than $750,000 in annual sales are considered small entities. Less than 4 percent of farms in the United States have sales of more than $500,000. Because most farms in the United States are considered small by SBA standards, farm operations potentially affected by the proposed changes are likely to be small.

As noted previously, since 1998, there have been 78 livestock herds infected with tuberculosis in the United States. This is a very small portion of the total number of livestock herds. The proposed changes would only affect those premises that become reinfected with tuberculosis and are found to have not followed a herd plan to prevent reinfection. For owners that do follow a herd plan, the proposed rule would not change the amount of indemnity for which the herd owner would be eligible; it would merely provide that 90 percent of the indemnity payment be made after the herd plan has been approved and that 10 percent of the gross indemnity payment be held until the herd plan is implemented.

As an alternative to the proposed changes, we considered maintaining the status quo. Although the existing regulations provide for the use of approved herd plans as a post-exposure management tool, those regulations do not require the implementation of herd plans in order for herd owners who have tuberculosis-infected livestock to qualify for indemnity payments, nor do the regulations penalize owners whose subsequent failure to follow an approved herd plan results in reinfection of the herd or the infection of a replacement herd. Since 1998, a total of 78 livestock herds have become affected with tuberculosis in the United States, and at least 4 of these herds were on premises where herds previously had been affected with tuberculosis and had either been depopulated and the herd owners paid Federal and State indemnity or undergone the approved quarantine, test, and removal program. Therefore, leaving the regulations unchanged would be unsatisfactory, because it would perpetuate the current situation, i.e., one in which premises become re-infected because owners fail to implement approved herd plans.

As another alternative to the proposed changes, we considered a different set of payment criteria than is proposed. While it is possible to propose other payment options to withhold a larger or smaller percent of the Federal indemnity until the herd plan is implemented, APHIS seeks to strike a reasonable balance between making timely payment for herds that are depopulated and providing an incentive for herd owners to follow the provisions of herd plans. As such, requiring that 10 percent of the gross indemnity payment be withheld until the conditions of an approved herd plan have been implemented is a reasonable balance that addresses both objectives.

Nevertheless, we invite public comment on the proposed rule, including any comment on the expected impacts for small entities, and on how the proposed rule could be modified to reduce expected costs or burdens for small entities consistent with its objectives. Any comment suggesting changes to the proposed criteria should be supported with an explanation of why the changes should be considered. Given that a very small number of herd owners would be affected and the amount of indemnity would not change, the changes we are proposing are not likely to have any measurable economic effect. However, increasing the incentive for herd owners to comply with herd plans and therefore would reduce the likelihood of reinfection, which in turn would reduce the amount of Federal funds paid in indemnification. For producers generally, the proposed changes would help achieve the national goal of tuberculosis eradication.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action would not have a significant economic impact on a substantial number of small entities.

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 proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. If this proposed rule is adopted: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

Paperwork Reduction Act

In accordance with section 3507(d) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the information collection or recordkeeping requirements included in this proposed rule have been submitted for approval to the Office of Management and Budget (OMB). Please send written comments to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for APHIS, Washington, DC 20503. Please state that your comments refer to Docket No. APHIS–2006–0193. Please send a copy of your comments to: (1) Docket No. APHIS–2006–0193, Regulatory Analysis and Development, PPD, APHIS, Station 3A–03.8, 4700 River Road Unit 118, Riverdale, MD 20737–1238, and (2) Clearance Officer, OCIO, USDA, room 404–W, 14th Street and Independence Avenue, SW., Washington, DC 20250. A comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication of this proposed rule.

This proposed rule would require that an approved herd plan must be in place prior to the payment of indemnity for animals destroyed because of bovine tuberculosis, and to provide that 10 percent of the gross indemnity payment be withheld by the Animal and Plant Health Inspection Service until the

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For a comprehensive understanding of the proposed rules and their potential impacts, please refer to the original document or its official publication.
conditions of an approved herd plan have been effectively implemented, and the Veterinarian in Charge or official designated by him has conducted a site visit to attest that the herd owner is in compliance with the approved herd plan.

We are soliciting comments from the public (as well as affected agencies) concerning our proposed information collection and recordkeeping requirements. These comments will help us:

(1) Evaluate whether the proposed information collection is necessary for the proper performance of our agency’s functions, including whether the information will have practical utility;

(2) Evaluate the accuracy of our estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the information collection on those who are to respond (such as through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology; e.g., permitting electronic submission of responses). Estimate of burden: Public reporting burden for this collection of information is estimated to average 25 hours per response.


Estimated annual number of responses per respondent: 1.

Estimated annual number of responses: 20.

Estimated total annual burden on respondents: 500 hours. (Due to averaging, the total annual burden hours may not equal the product of the annual number of responses multiplied by the reporting burden per response.)

Copies of this information collection can be obtained from Mrs. Celeste Sickles, APHIS’ Information Collection Coordinator, at (301) 851–2908.

E-Government Act Compliance

The Animal and Plant Health Inspection Service is committed to compliance 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. For information pertinent to E-Government Act compliance related to this proposed rule, please contact Mrs. Celeste Sickles, APHIS’ Information Collection Coordinator, at (301) 851–2908.

List of Subjects in 9 CFR Part 50

Animal diseases, Bison, Cattle, Hogs. Indemnity payments, Reporting and recordkeeping requirements, Tuberculosis.

Accordingly, we propose to amend 9 CFR part 50 as follows:

PART 50—ANIMALS DESTROYED BECAUSE OF TUBERCULOSIS

1. The authority citation for part 50 continues to read as follows:


2. Section 50.3 is amended by adding a new paragraph (c) to read as follows:

§50.3 Payment to owners for animals destroyed.

* * * * *

(c) In each case, the herd owner must cooperate with a State representative or an APHIS representative in the development of an approved herd plan in order for the owner to be eligible to receive indemnity for livestock destroyed because of tuberculosis. Once a herd plan is approved, the herd owner will be eligible for a payment of 90 percent of the gross indemnity amount. The Department will withhold the remaining 10 percent of the gross indemnity amount until the Veterinarian in Charge or official designated by him has conducted a site visit ¹ and has found that the herd owner has implemented the approved herd plan.

3. In §50.12, the third sentence is revised to read as follows:

§50.12 Claims for indemnity.

* * * * *

* Payment will be made only if the APHIS indemnity claim form has been approved by a proper State official, if payment of the claim has been recommended by the appropriate Veterinarian in Charge or official designated by him, and if a herd plan has been jointly approved by the herd owner(s) and/or their representative(s) and a State or Federal veterinarian as required under §50.3(c).

4. Section 50.14 is amended by adding paragraphs (h) and (i) to read as follows:

§50.14 Claims not allowed.

* * * * *

¹ A herd owner may request a site visit conducted by the Veterinarian in Charge. The location of the Veterinarian in Charge may be obtained by writing to National Center for Animal Health Program, VS, APHIS, 4700 River Road Unit 43, Riverdale, MD 20737, or by referring to the local telephone book.

(b) The claimant does not have an approved herd plan in place that has been jointly approved by the herd owner(s) and/or their representative(s) and a State or Federal veterinarian as required under § 50.3(c).

(i) The herd or replacement herd has become reinfected with or exposed to tuberculosis because the claimant has failed to follow the provisions of an approved herd plan or has otherwise violated the conditions of an approved herd plan.

§50.20 [Amended]

5. Section 50.20 is amended by redesignating footnote 3 as footnote 2.

Done in Washington, DC, this 18th day of July 2008.

Bruce Knight,

Under Secretary for Marketing and Regulatory Programs.

[FR Doc. E8–16949 Filed 7–23–08; 8:45 am]

BILLING CODE 3410–34–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 33

[Docket No. RM07–21–002]

Order Requesting Supplemental Comments

Issued July 17, 2008.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Order Requesting Supplemental Comments.

SUMMARY: The Federal Energy Regulatory Commission (Commission) requests supplemental comments on the scope and form of the reporting requirements under the expanded blanket authorization established in Order No. 708–A, which amends section 33.1(c)(12) of the Commission’s regulations.

DATES: Comments are due September 22, 2008.

FOR FURTHER INFORMATION CONTACT:

