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**DEPARTMENT OF THE TREASURY**

**Alcohol and Tobacco Tax and Trade Bureau**

**27 CFR Part 9**

**[Docket No. TTB–2015–0002; T.D. TTB–129; Ref: Notice No. 146]**

**RIN: 1513–AC12**

**Establishment of the Squaw Valley–Miramonte Viticultural Area**

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Final rule; Treasury decision.

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau (TTB) establishes, through this final rule, the approximately 44,690-acre “Squaw Valley–Miramonte” viticultural area in Fresno County, California. The viticultural area does not overlap any established viticultural area. TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

**DATES:** This final rule is effective [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW., Box 12, Washington, DC 20005; phone 202–453–1039, ext. 175.

**SUPPLEMENTARY INFORMATION:**

**Background on Viticultural Areas**

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated various authorities through Treasury Department Order 120–01, dated December 10, 2013, to the TTB Administrator to perform the functions and duties in the administration and enforcement of this law.

Part 4 of the TTB regulations (27 CFR part 4) authorizes TTB to establish definitive viticultural areas and regulate the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) sets forth standards for the preparation and submission of

petitions for the establishment or modification of American viticultural areas (AVAs) and lists the approved AVAs.

### Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region having distinguishing features, as described in part 9 of the regulations, and a name and a delineated boundary, as established in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to the wine's geographic origin. The establishment of AVAs allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of an AVA is neither an approval nor an endorsement by TTB of the wine produced in that area.

### Requirements

Section 4.25(e)(2) of the TTB regulations (27 CFR 4.25(e)(2)) outlines the procedure for proposing an AVA and provides that any interested party may petition TTB to establish a grape-growing region as an AVA. Section 9.12(c) of the TTB regulations (27 CFR 9.12(c)) prescribes standards for petitions for the establishment or modification of AVAs. Petitions to establish an AVA must include the following:

- Evidence that the area within the proposed AVA boundary is nationally or locally known by the AVA name specified in the petition;
- An explanation of the basis for defining the boundary of the proposed AVA;
- A narrative description of the features of the proposed AVA affecting viticulture, including climate, geology, soils, physical features, and elevation, that make the proposed AVA distinctive and distinguish it from adjacent areas outside the proposed AVA boundary;
  - The appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed AVA, with the boundary of the proposed AVA clearly drawn thereon; and
  - A detailed narrative description of the proposed AVA boundary based on USGS map markings.

### **Squaw Valley–Miramonte Petition**

TTB received a petition from Christine Flannigan, owner of the Sierra Peaks Winery and Purgatory Vineyards, on behalf of the Squaw Valley Grape Growers Group, proposing the establishment of the “Squaw Valley–Miramonte” AVA in Fresno County, California, approximately 40 miles east of the city of Fresno. The proposed AVA is a largely rural region in the foothills of the Sierra Nevada Mountains and does not overlap any established AVAs. To the northwest, west, and south of the proposed AVA is the San Joaquin Valley. The Sequoia National Forest is adjacent to the northern and eastern boundaries of the proposed AVA.

The proposed Squaw Valley–Miramonte AVA contains approximately 44,690 acres and has 3 bonded wineries and 5 commercially producing vineyards, covering a total of 7.5 acres, distributed across the proposed AVA. The petition states that vineyards within the proposed AVA are small due to the region's steep and rugged terrain, which requires most vineyard work to be done by hand rather than by machine.

According to the petition, the distinguishing features of the proposed AVA include its climate, topography, and soils. Daytime temperatures within the proposed AVA are generally cooler than in the neighboring San Joaquin Valley to the south, west, and northwest. However, nighttime temperatures are usually warmer within the proposed AVA than within the San Joaquin Valley because cool air drains off the slopes of the proposed AVA at night and settles in the valley. The cool daytime temperatures and warm nighttime temperatures during the growing season produce higher levels of sugar and anthocyanins (pigments responsible for the color of grape skins) at harvest than occur in grapes grown in the warmer San Joaquin Valley. The temperatures in the proposed AVA also contribute to later harvest dates than in the San Joaquin Valley. The proposed AVA also receives significantly more rainfall than the San Joaquin Valley, but less than the regions to the north and east of the proposed AVA, within the Sequoia National Forest. The high rainfall amounts within the proposed AVA increase the risk of erosion, so vineyard owners plant ground cover between the vineyard rows to help hold the soil in place.

The topography of the proposed AVA consists of steep and rugged hillsides covered with boulders and oak woodlands. Elevations range from 1,600 to 3,500 feet, and slope angles in the vineyards range from 15 to 40 percent. As a result of the steep terrain, mechanized vineyard equipment is not practical, so almost all vineyard work is done by hand. Therefore, the vineyards in the proposed AVA are much smaller than those in the neighboring San Joaquin Valley, where the terrain is much lower and flatter. To the north and east of the proposed AVA, the terrain becomes too steep for commercial viticulture.

The majority of the soils within the proposed Squaw Valley–Miramonte AVA are derived from granitic material, mainly quartz diorite. The three most common soil series are the Vista, Sierra, and Auberry series. All three soil series are described as having good drainage, which reduces the risk of root disease. The soils within the proposed AVA have pH levels ranging from a slightly acidic 5.6 to a neutral 7.3, levels which are adequate for viticulture and do not promote overly vigorous vine or canopy growth. The soils within the proposed AVA are severely deficient in nitrogen, a nutrient necessary for vine growth, and therefore require supplementation. Additionally, soils in some of the vineyards within the proposed AVA have an excess of potassium, which interferes with the vines' ability to uptake magnesium. As a result, magnesium must be added to the soil in these vineyards. To the north of the proposed AVA, the soils are primarily of the Coarsegold and Trabuco series, which are derived from weathered schist and igneous rock, respectively. The most common soil series east of the proposed AVA are the Holland series, derived from weathered granitic rock, and

the Aiken series, derived from volcanic rocks. These soils are more acidic than the soils within the proposed AVA due to deep mats of decomposing needle litter from conifer trees. South and west of the proposed AVA, within the San Joaquin Valley, alluvial soils such as San Joaquin loam and San Joaquin sandy loam become common, as are soils of the Hanford and Greenfield series. These soils are all less acidic and have finer textures than the soils of the proposed AVA.

### **Notice of Proposed Rulemaking and Comments Received**

TTB published Notice No. 146 in the **Federal Register** on January 22, 2015 (80 FR 3184), proposing to establish the Squaw Valley–Miramonte AVA. In the notice, TTB summarized the evidence from the petition regarding the name, boundary, and distinguishing features for the proposed AVA. The notice also compared the distinguishing features of the proposed AVA to the surrounding areas. In Notice No. 146, TTB solicited comments on the accuracy of the name, boundary, and other required information submitted in support of the petition. The comment period closed on March 23, 2015. TTB received no comments in response to Notice No. 146.

### **TTB Determination**

After careful review of the petition, TTB finds that the evidence provided by the petitioner supports the establishment of the Squaw Valley–Miramonte AVA. Accordingly, under the authority of the FAA Act, section 1111(d) of the Homeland Security Act of 2002, and part 4 and part 9 of the TTB regulations, TTB establishes the “Squaw Valley–Miramonte” AVA in Fresno County, California, effective 30 days from the publication date of this document.

### **Boundary Description**

See the narrative description of the boundary of the AVA in the regulatory text published at the end of this final rule.

### **Maps**

The petitioner provided the required maps, and they are listed below in the regulatory text.

### **Impact on Current Wine Labels**

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. For a wine to be labeled with an AVA name or with a brand name that includes an AVA name, at least 85 percent of the wine must be derived from grapes grown within the area represented by that name, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible for labeling with an AVA name and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the AVA name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label. Different rules apply if a wine has a brand name containing an AVA name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

With the establishment of this AVA, its name, "Squaw Valley–Miramonte," will be recognized as a name of viticultural significance under 27 CFR 4.39(i)(3).

The text of the regulation clarifies this point. Consequently, wine bottlers using the name “Squaw Valley–Miramonte” in a brand name, including a trademark, or in another label reference as to the origin of the wine, will have to ensure that the product is eligible to use the AVA name as an appellation of origin. TTB is not designating either “Squaw Valley” or “Miramonte,” standing alone, as terms of viticultural significance because both of these names are also associated with multiple locations within the United States outside the AVA.

### **Regulatory Flexibility Act**

TTB certifies that this regulation will not have a significant economic impact on a substantial number of small entities. The regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of an AVA name would be the result of a proprietor’s efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

### **Executive Order 12866**

It has been determined that this final rule is not a significant regulatory action as defined by Executive Order 12866 of September 30, 1993. Therefore, no regulatory assessment is required.

### **Drafting Information**

Karen A. Thornton of the Regulations and Rulings Division drafted this final rule.

### **List of Subjects in 27 CFR Part 9**

Wine.

## **The Regulatory Amendment**

For the reasons discussed in the preamble, TTB amends title 27, chapter I, part 9, Code of Federal Regulations, as follows:

### **PART 9—AMERICAN VITICULTURAL AREAS**

1. The authority citation for part 9 continues to read as follows:

**Authority:** 27 U.S.C. 205.

#### **Subpart C—Approved American Viticultural Areas**

2. Subpart C is amended by adding § 9.251 to read as follows:

##### **§ 9.251 Squaw Valley–Miramonte.**

(a) Name. The name of the viticultural area described in this section is “Squaw Valley–Miramonte.” For purposes of part 4 of this chapter, “Squaw Valley–Miramonte” is a term of viticultural significance.

(b) Approved maps. The six United States Geological Survey (USGS) 1:24,000 scale topographic maps used to determine the boundary of the Squaw Valley–Miramonte viticultural area are titled:

- (1) Orange Cove North, Calif., 1966;
- (2) Pine Flat Dam, Calif., 1965; photoinspected 1978;
- (3) Lockett Mtn., Calif., provisional edition 1987;
- (4) Verplank Ridge, Calif., provisional edition 1987;
- (5) Miramonte, Calif., 1966; and
- (6) Tucker Mtn., Calif., 1966.

(c) Boundary. The Squaw Valley–Miramonte viticultural area is located in Fresno County, California. The boundary of the Squaw Valley–Miramonte viticultural area is as described below:

(1) The beginning point is located on the Orange Cove North map, at the southwest corner of section 21, T14S/R25E. From the beginning point, proceed north-northwesterly in a straight line to the marked 3,355-foot elevation point on Bear Mountain, section 5, T14S/R25E; then

(2) Proceed northeast in a straight line, crossing onto the Pine Flat Dam map and over the marked 3,354-foot elevation point on Bear Mountain, section 32, T13S/R25E, and then continuing northeasterly in a straight line and crossing onto the Lockett Mountain map, proceed to the marked 3,489-foot summit of Dalton Mountain, section 22, T13S/R25E; then

(3) Proceed easterly in a straight line to the Sequoia National Forest boundary line at the northwest corner of section 28, T13S/R26E; then

(4) Proceed east along the Sequoia National Forest boundary line, crossing onto the Verplank Ridge map, and continue south, then east, then south along the national forest boundary line, crossing onto the Miramonte map, and then continue south, then east along the national forest boundary line to the northeast corner of section 5, T14S/R27E; then

(5) Proceed south along the eastern boundary lines of sections 5, 8, and 17, T14S/R27E, to the southeast corner of section 17; then

(6) Proceed east along the northern boundary line of section 21, T14S/R27E, to the northeast corner of that section; then

(7) Proceed south along the eastern boundary lines of sections 21, 28, and 33, T14S/R27E, to the Fresno–Tulare County boundary line at the southeast corner of section 33; then

(8) Proceed west along the Fresno–Tulare County boundary line, crossing onto the Tucker Mountain map, to the southwest corner of section 34, T14S/R26E; then

(9) Proceed north along the western boundary lines of sections 34, 27, 22, and 15, T14S/R26E, to the northwest corner of section 15; then

(10) Proceed west along the southern boundary lines of sections 9, 8, and 7, T14S/R26E, and sections 12 and 11, T14S/R25E, to the southwest corner of section 11; then

(11) Proceed south along the eastern boundary lines of sections 15 and 22, T14S/R25E, to the southeast corner of section 22; then (12) Proceed west along the southern boundary line of section 22, T14S/R25E, and, crossing onto the Orange Cove North map, continue west along the southern boundary line of section 21, T14S/R25E, returning to the beginning point.

Signed: June 11, 2015.

**John J. Manfreda,**

Administrator.

Approved: June 17, 2015.

**Timothy E. Skud,**

Deputy Assistant Secretary  
(Tax, Trade, and Tariff Policy).

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