established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11035; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (Air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g); 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9K, Airspace Designations and Reporting Points, dated August 30, 2002, and effective September 16, 2002, is amended as follows:

Paragraph 6005 Class E Airspace Areas Extending Upward from 700 feet or More Above the Surface of the Earth.

* * * *

ASO MS E5 Tunica, MS [NEW]

Tunica Municipal Airport, MS (Lat. 36°24′47″ long. 83°30′00″)

That airspace extending upward from 700 feet above the surface within a 6.7-mile radius of the Tunica Municipal Airport.

* * * * *

Issued in College Park, Georgia, on March 24, 2003.

Walter R. Cochran,

Acting Manager, Air Traffic Division, Southern Region. [FR Doc. 03–8129 Filed 4–2–03; 8:45 am] BILLING CODE 4910–13–M

FEDERAL TRADE COMMISSION

16 CFR Part 305

Rule Concerning Disclosures Regarding Energy Consumption and Water Use of Certain Home Appliances and Other Products Required Under the Energy Policy and Conservation Act ("Appliance Labeling Rule")

AGENCY: Federal Trade Commission.

ACTION: Proposed rule and proposed conditional exemption.

SUMMARY: The Federal Trade Commission ("Commission") seeks public comment on a proposed rule change and exemption request submitted by the Association of Home Appliance Manufacturers ("AHAM") related to certain testing and labeling requirements of the Appliance Labeling Rule for clothes washers.

DATES: Written comments on the proposed exemption and the proposed rule must be submitted on or before May 5, 2003.

ADDRESSES: Send written comments to Secretary, Federal Trade Commission, Room H–159, 600 Pennsylvania Ave., NW., Washington, DC 20580. All comments should be captioned "16 CFR part 305—Appliance Labeling Rule." To encourage prompt and efficient review and dissemination of the comments to the public, comments should also be submitted, if possible, in electronic form to: appliance@ftc.gov. AHAM's request and written public comments will be posted to the extent possible on the Commission's Web site (www.ftc.gov) and will otherwise be available for public inspection in accordance with the Freedom of Information Act, 5 U.S.C. 552, and Commission regulations on normal business days from 8:30 a.m. to 5 p.m. at the Federal Trade Commission, 6th St. and Pennsylvania Ave., NW., Room 130, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT:

Hampton Newsome, Attorney, Division of Enforcement, Federal Trade Commission, Washington, DC 20580 (202–326–2889).

SUPPLEMENTARY INFORMATION:

I. Background

A. FTC Requirements

The Commission issued the Appliance Labeling Rule in 1979, 44 FR 66466 (Nov. 19, 1979) ("Rule"), in response to a directive in the Energy Policy and Conservation Act of 1975 ("EPCA") (42 U.S.C. 6294). EPCA also requires the Department of Energy ("DOE") to develop test procedures that measure how much energy certain appliances use, and to determine the representative average cost a consumer pays for the different types of energy available.

The Rule covers, among other things, eight categories of major household appliances: refrigerators and refrigerator-freezers, freezers, dishwashers, clothes washers, water heaters, room air conditioners, furnaces, and central air conditioners. The Rule requires manufacturers of all covered appliances to disclose specific energy consumption or efficiency information (derived from the DOE test procedures) at the point of sale in the form of an "EnergyGuide" label and in catalogs. The Rule requires manufacturers to include, on labels, an energy consumption or efficiency figure and a "range of comparability." This range shows the highest and lowest energy consumption or efficiencies for all comparable appliance models so consumers can compare the energy consumption or efficiency of other models similar to the labeled model.

The Rule requires manufacturers, after filing an initial report, to report annually the estimated annual energy consumption or energy efficiency ratings for the appliances derived from tests performed pursuant to the DOE test procedures. 16 CFR 305.8(b). Because manufacturers regularly add new models to their lines, improve existing models, and drop others, the database from which the ranges of comparability are calculated is constantly changing. Under § 305.10 of the Rule, to keep the required information on labels consistent with these changes, the Commission publishes new ranges (but not more often than annually) if an analysis of the new information indicates that the upper or lower limits of the ranges have changed by more than 15%. Otherwise, the Commission publishes a statement that the prior ranges remain in effect for the next year.

B. New DOE Test Procedure and Energy Standards for Clothes Washers

New energy conservation standards and a new DOE test procedure for clothes washers will become effective on January 1, 2004. The new energy conservation standard requires that all new residential clothes washers manufactured after January 1, 2004 be 22% more efficient than today's minimally compliant clothes washer.¹ Accordingly, the 2004 energy standard will render a substantial portion of the existing clothes washer market obsolete.

The new DOE test procedure for clothes washers, which also will become effective on January 1, 2004, is found at 10 CFR part 430, Subpart B, Appendix J1.² Application of the new test procedure (sometimes referred to as the "J1" test or the "Modified Energy Factor" test) will likely produce energy consumption figures different from those yielded by the old ("J") test procedure (10 CFR part 430, subpart B, Appendix J).³ Because these test results are used to determine energy use information that appears on the FTC EnergyGuide label, consumers may not be able effectively to compare the energy performance of clothes washers if the labels are based on the two different test procedures.

II. AHAM's Request

To ease the transition to the new energy efficiency standard and new (J1) test procedure, AHAM⁴ wrote to FTC staff on February 7, 2003, requesting permission to begin using that test for labeling clothes washers during 2003, before the test becomes effective. In addition, AHAM's letter requests that the Commission allow its members to provide special wording on the EnergyGuide labels for these models to help consumers in distinguishing washers tested under the new (J1) procedure from those tested under the old (J) procedure (see Prototype Label 2 at the end of this document). AHAM's proposed label would display a banner across the top stating: "This Model has

³ According to AHAM, the clothes washer test procedures were revised to better reflect current usage habits by incorporating updated temperature utilization factors that are more appropriate for today's designs.

⁴ The manufacturers identified in AHAM's request are Alliance Laundry Systems, Electrolux Home Products, Fisher & Paykel Ltd., GE Appliances, Maytag Appliances, Miele Corp., and Whirlpool Corp. Subsequently, AHAM informed Commission staff that BSH, Gonrenje, and Asko also are participating in AHAM's request. According to AHAM, these manufacturers produce roughly 98% of the clothes washers sold in the United States. been Tested to the 2004 Test Procedure. Compare only with Models with this Notice." AHAM requested that the Commission allow its members to begin using the new (J1) test and modified labels on May 1, 2003, and that the labeling changes be made

"permanent."⁵ To grant AHAM's request, the Commission would have to grant an exemption from certain EnergyGuide testing and labeling requirements for the remainder of this year and issue Rule amendments to make the requested labeling changes a permanent requirement for all manufacturers after January 1, 2004.

AHAM submitted its request because it asserts that the transition to clothes washers compliant with the new 2004 energy efficiency standard and new test procedure, with respect to testing and labeling, could be unduly burdensome to manufacturers and confusing to consumers. According to AHAM, there will be hundreds of new energy efficient models introduced throughout the course of 2003. Under current requirements, manufacturers will have to test and rate these new models first under the old (J) procedure for 2003, and then again under the new (J1) procedure in order to distribute them in 2004. AHAM stated that, since several samples of each basic model need to be tested to determine statistically valid ratings, such duplicative testing would result in tremendous laboratory and manufacturer staff resources for hundreds of new models. Also, AHAM states that retail floor models are not changed frequently. Thus, without action by the FTC, retail display units for new models introduced this year will have energy labels based on the old (J) test well into 2004 and beyond. AHAM is concerned that these display units could be very confusing and misleading as consumers seek to compare units tested under different procedures in a single showroom without any notice that differences exist.

III. Discussion

AHAM's request raises two procedural matters: (1) A request for an exemption from certain testing and labeling requirements for clothes washers from May through December 31, 2003 (to permit testing and labeling pursuant to the new (J1) test); and (2) a proposed "permanent" rule change, effective January 1, 2004, to conform existing label content and format requirements to label changes permitted by the 2003 exemption. The Commission is seeking public comment on both the exemption request and the proposed rule.

A. Proposed Conditional Exemption for 2003

AHAM's request implicates several provisions of the Appliance Labeling Rule. The Rule requires that, for the purposes of the EnergyGuide label, manufacturers use the estimated annual energy consumption as derived from the DOE clothes washer test procedures in 10 CFR part 430 (see 16 CFR 305.5(a) and 305.11(a)(5)(i)(E)). Because the new (J1) test for clothes washers will not become effective until January 1, 2004, the Rule does not authorize the use of that test for energy consumption information on EnergyGuide labels until that date. By granting the requested exemption, the Commission would allow manufacturers to begin using the new test results on EnergyGuide labels before 2004. In addition, the Rule does not allow any marks or identification other than those specified in the Rule to appear on the label except for some limited exceptions not applicable here (see 16 CFR 305.11(a)(5)(i)(K)). Accordingly, absent an exemption, the Rule does not allow the kind of explanatory information proposed by AHAM (e.g., "Compare the Energy Use of this Clothes Washer only with other Models tested to the 2004 Test Procedure").

Because most consumers use the showroom models for EnergyGuide information, the Commission believes that there are benefits to allowing manufacturers to begin changing over to the new labels and test results sooner. First, as AHAM indicates, this would allow manufacturers to avoid testing their new products multiple times pursuant to two test procedures. It is the Commission's understanding that AHAM's members intend to test new models under the new (J1) test procedure and use limited testing under the old (J) procedure to develop data for the purposes of DOE and FTC reporting requirements during the remainder of 2003. Under this proposal, consumers would obtain information based on the new test sooner. The Commission also believes that AHAM's proposed label changes would minimize consumer confusion resulting from the use of the new test in 2003 by alerting consumers that the energy use information on some models is derived from a new test procedure.

The Commission proposes to grant AHAM's request for an exemption from the requirements in 16 CFR 305.5(a) and

¹66 FR 3314, 3315 (Jan. 12, 2001). A second amended energy efficiency standard, slated to take effect on January 1, 2007, requires that all new residential clothes washers manufactured after that date be 35% more efficient than today's minimally compliant clothes washer.

² The EnergyStar program, run by DOE and the U.S. Environmental Protection Agency, already requires use of the new (J1) test to certify clothes washers under that program.

⁵ AHAM also requested that the Commission change the reporting date in the Rule from March 1 to October 1 for each year. The Commission has already addressed the requested date change for data submission in an earlier **Federal Register** document (see 68 FR 8448 (Feb. 21, 2003)).

305.11(a) only to the extent required to allow manufacturers to:

(1) Use the test procedure in 10 CFR part 430, subpart B, Appendix J1 for determining the energy use figure printed on EnergyGuide labels of clothes washers distributed between May 1 and December 31, 2003; and

(2) For such models, use EnergyGuide labels that contain the following modifications to the format and content requirements in 16 CFR 305.11, as illustrated in Prototype Label 2 at the end of this document:

(a) The use of the statement "Compare the Energy Use of this Clothes Washer only with other Models tested to the 2004 Test Procedure" in lieu of the statement "Compare the Energy Use of this Clothes Washer with Others Before You Buy";

(b) the use of the statement "This Model has been Tested to the 2004 Test Procedure. Compare only with Models with this Notice." at the top of the label; and

(c) the use of a label 8 inches (20.32 cm.) in length to accommodate statements specified in (b) above instead of the $73/_8$ inch (18.73 cm.) currently required by § 305.11(a)(1) of the Rule.

The Commission proposes to grant the exemption on the following conditions: (1) That any manufacturers using this exemption must use it for all clothes washer models introduced between May 1, 2003 and December 31, 2003 (they may use it for existing models that meet the new conservation standard), and (2) that the modified EnergyGuide label must be used if the new (J1) test is used to derive energy use information on the EnergyGuide label for clothes washers. The manufacturers would remain obliged to comply with all other Rule requirements. Manufacturers not specifically named in AHAM's request would be able to use this exemption as long as they follow the conditions specified by the Commission.

The Commission is seeking comment on the exemption proposal. In particular, the Commission would like input on whether the differences between the results vielded by the new and the old DOE tests for clothes washers are significant enough to warrant AHAM's proposed label change. In addition, the Commission seeks comment on whether AHAM's proposed label changes are appropriate and will help consumers in their purchasing decisions. For instance, it is possible that the reference to the year "2004" in referring to the test procedure will confuse consumers who are reading the label in subsequent years (e.g., 2005 or 2006). The Commission has offered alternative language and specific

questions for comment in Section IV below. 6

B. Proposed Rule Change for EnergyGuide Labels for 2004 and Beyond

If the Commission grants AHAM's exemption request, it is probable that many new clothes washers distributed for sale in the United States for the remainder of 2003 will have labels containing the proposed advisory language that "This Model has been Tested to the 2004 Test Procedure. Compare only with Models with this Notice." Once this change is made to EnergyGuide labels on units distributed in 2003, a return to the conventional label in the future may cause consumer confusion because the units with the modified label will stay on showroom floors into 2004 and beyond. Given these considerations, AHAM has asked the Commission to make its proposed label changes permanent. The Commission is seeking public comment on a proposed rule change that would incorporate AHAM's suggested label changes (see Prototype Label 2 and Sample Label 3) and require these changes for all clothes washers distributed for sale in the United States beginning January 1, 2004. The Commission's proposed amendments to this effect appear at the end of this document.

The Commission believes that it is preferable that any permanent changes to the EnergyGuide label match the label modifications used during the exemption period. It could be confusing to consumers to allow advisory language on the label during the exemption period that is different from advisory language required by the Rule after January 1, 2004. Accordingly, the Commission believes that, if the exemption is granted and the Rule is also amended, the modified label language should be identical in both instances. The Commission seeks comment on alternatives to the label language proposed by AHAM. Section IV contains some possible alternatives and specific questions regarding these proposed amendments.

IV. Request for Comment

The Commission requests that interested persons submit written comments on any issue of fact, law or policy that may bear upon the proposed rule and conditional exemption. Although the Commission welcomes comments on any aspect of these matters, the Commission is particularly interested in comments on the questions listed in this section. All written comments should state clearly the question or issue, or the specific condition, that the commenter wishes to address.

The Commission requests that commenters provide representative factual data in support of their comments. Experiences of individual firms are relevant to the extent they typify industry experience in general or the experience of similar-sized firms. Comments opposing the proposed conditional exemption and proposed Rule amendments should, if possible, suggest specific alternatives. Proposals for alternative conditions should include reasons and data that indicate why the alternatives would better serve the requirements of the Appliance Labeling Rule. The Commission is particularly interested in comments addressing the following questions and issues:

1. Should the Commission grant the requested exemption and permit manufacturers to begin testing and labeling clothes washers to the new (J1) test in 2003? Are there alternatives to the proposed conditional exemption and rule change that would better accomplish the same objectives?

2. Are the differences between the results yielded by the new (J1) and old (J) tests significant enough to warrant special advisory language on the EnergyGuide labels? Are the differences unbiased, or does one test yield consistently higher or lower results than the other?

3. If the Commission grants AHAM's exemption request, should the Commission amend the rule to incorporate label changes as a permanent requirement?

4. Are AHAM's proposed changes to the label, such as the content, size, and placement of the modified language on the EnergyGuide, appropriate? Will the proposed language on the EnergyGuide label help consumers in their purchasing decisions or will it cause undue confusion? Will the reference to the year "2004" on the label create confusion in subsequent years if the proposed change becomes a permanent fixture on the label? Should the explanatory language be required on both the top and the bottom of the label?

5. Are there additional, or different, changes that should be made to the label related to AHAM's request?

6. Would either of the following alternatives be preferable to the language proposed by AHAM:

Alternative 1: Statement at Top of Label—"This Model has been Tested to

⁶ Given the limited duration of this proposed exemption, the Commission does not plan to incorporate the exemption into the text of the Rule (see § 305.19).

the "J1" Test Procedure. Compare only with Models displaying this Notice." Statement at the Middle of Label— "Compare the Energy Use of this Clothes Washer only with other Models tested to the J1 Test Procedure."

Alternative 2: Statement at Top of Label—"This Model has been Tested to the Modified Energy Factor Test Procedure. Compare only with Models displaying this Notice." Statement at the Middle of Label—"Compare the Energy Use of this Clothes Washer only with other Models tested to the Modified Energy Factor Test Procedure."

7. Would the implementation of AHAM's proposal cause consumer confusion for those units with EnergyGuide labels adjoining energy labels required by Mexico or Canada?

8. Are the conditions under which the Commission proposes the exemption appropriate? Are there additional, or different, conditions that also would be appropriate?

⁹. What would be the economic impact on manufacturers of the proposed exemption, each of the proposed conditions for use of the exemption, and proposed rule?

10. What would be the benefits of the proposed conditional exemption and the proposed rule? Who would receive those benefits?

11. What would be the benefits and economic impact of the proposed exemption, each of the proposed conditions, and the proposed rule change on small businesses?

V. Preliminary Regulatory Analysis and Regulatory Flexibility Act Requirements

Under section 22 of the FTC Act. 15 U.S.C. 57b, the Commission must issue a preliminary regulatory analysis for a proceeding to amend a rule only when it: (1) Estimates that the amendment will have an annual effect on the national economy of \$100.000.000 or more; (2) estimates that the amendment will cause a substantial change in the cost or price of certain categories of goods or services; or (3) otherwise determines that the amendment will have a significant effect upon covered entities or upon consumers. The Commission has preliminarily determined that the proposed exemption and amendments to the Rule will not have such effects on the national economy, on the cost of covered products, or on covered parties or consumers. The Commission, however, requests comment on the economic effects of the proposed amendments.

The Regulatory Flexibility Act ("RFA"), 5 U.S.C. 601–12, requires that

the agency conduct an analysis of the anticipated economic impact of the proposed amendments on small businesses. The purpose of a regulatory flexibility analysis is to ensure that the agency considers impact on small entities and examines regulatory alternatives that could achieve the regulatory purpose while minimizing burdens on small entities. Section 605 of the RFA, 5 U.S.C. 605, provides that such an analysis is not required if the agency head certifies that the regulatory action will not have a significant economic impact on a substantial number of small entities.

There are approximately 20 manufacturers of clothes washers sold in the United States. Most of these manufacturers are very large. Because the clothes washer requirements of the Appliance Labeling Rule cover a limited number of manufacturers, most of which are large, the Commission does not believe the proposed amendments or exemption will affect a substantial number of small businesses. In addition, the proposed amendments and exemptions are unlikely to have a significant economic impact upon such entities. Specifically, the proposed rule and exemption involve minor text changes to labels already required by the Rule. The content of these labels must be changed in response to new ranges of comparability published by the Commission from time to time. In the Commission's view, the proposed amendments and exemption should not have a significant or disproportionate impact on the costs of small manufacturers and retailers.

Based on available information, therefore, the Commission certifies that amending the Appliance Labeling Rule as proposed and granting the requested exemptions will not have a significant economic impact on a substantial number of small businesses. To ensure that no significant economic impact is being overlooked, however, the Commission requests comments on this issue. The Commission also seeks comments on possible alternatives to the proposed amendments (and exemptions) to accomplish the stated objectives. After reviewing any comments received, the Commission will determine whether a final regulatory flexibility analysis is appropriate.

VI. Paperwork Reduction Act

In a 1988 notice (53 FR 22113), the Commission stated that the Rule contains disclosure and reporting requirements that constitute "information collection requirements" as defined by 5 CFR 1320.7(c), the regulation that implements the Paperwork Reduction Act.⁷ The Commission noted that the Rule had been reviewed and approved in 1984 by the Office of Management and Budget ("OMB") and assigned OMB Control No. 3084–0068. OMB has again reviewed the Rule and extended its approval for its recordkeeping and reporting requirements until September 30, 2004. The exemptions approved here do not change the substance or frequency of the recordkeeping, disclosure, or reporting requirements and, therefore, do not require further OMB clearance.

VII. Communications by Outside Parties to Commissioners or Their Advisors

Pursuant to Rule 1.18(c) of the Commission's Rules of Practice, 16 CFR 1.18(c), communications with respect to the merits of this proceeding from any outside party to any Commissioner or Commissioner's advisor during the course of this rulemaking shall be subject to the following treatment. Written communications, including written communications from members of Congress, shall be forwarded promptly to the Secretary for placement on the public record. Oral communications, not including oral communications from members of Congress, are permitted only when such oral communications are transcribed verbatim or summarized, at the discretion of the Commissioner or Commissioner's advisor to whom such oral communications are made, and are promptly placed on the public record, together with any written communications and summaries of any oral communications relating to such oral communications. Oral communications from members of Congress shall be transcribed or summarized, at the discretion of the Commissioner or Commissioner's advisor to whom such oral communications are made, and promptly placed on the public record, together with any written communications and summaries of any oral communications relating to such oral communications.

List of Subjects in 16 CFR part 305

Advertising, Energy conservation, Household appliances, Labeling, Reporting and recordkeeping requirements.

VIII. Proposed Rule Language

For the reasons set out in the preamble, 16 CFR part 305 is proposed to be amended as follows:

^{7 44} U.S.C. 3501-3520.

PART 305-[AMENDED]

1. The authority citation for part 305 continues to read as follows:

Authority: 42 U.S.C. 6294.

2. Amend § 305.11 by revising paragraphs (a)(1) and (a)(5)(i)(A) and adding paragraph (a)(5)(i)(L) to read as follows:

§ 305.11 Labeling for covered products.

(a) * * * (1) Layout. All energy labels for each category of covered product shall use one size, similar colors and typefaces with consistent positioning of headline, copy and charts to maintain uniformity for immediate consumer recognition and readability. Trim size dimensions for all labels shall be as follows: width must be between $5\frac{1}{4}$ inches and $5\frac{1}{2}$ inches (13.34 cm. and 13.97 cm.); length must be $7\frac{3}{6}$ inches (18.73 cm.) except for clothes washer labels, which must be 8 inches (20.32 cm.) in length. Copy is to be set between 27 picas and 29 picas and copy page should be centered (right to left and top to bottom). Depth is variable but should follow closely the prototype labels appearing at the end of this part illustrating the basis layout. All positioning, spacing, type sizes and line widths should be similar to and consistent with the prototype labels.

(5) * * *

(i) * * *

(Å) Headlines and texts, as illustrated in the Prototype Labels in Appendix L to this Part, are standard for all labels except clothes washer labels, which must have the text and features described in paragraph (a)(5)(i)(L) of this section.

(L) Clothes washer labels must have the headlines and texts as illustrated in Prototype Label 2 of Appendix L of this Part. In particular, clothes washer labels must have the following headline as illustrated in Prototype Label 2: "Compare the Energy Use of this Clothes Washer only with other Models tested to the 2004 Test procedure." In addition to the requirements for other labels, clothes washer labels must have a $^{10/16}$ inch (1.59 cm.) in height, process black bar across the top which contains the following text in process yellow as illustrated in Prototype Label 2: "This Model has been Tested to the 2004 Test Procedure. Compare only with Models displaying this Notice."

* * * *

4. Appendix L to part 305 is amended by revising Prototype Label 2 and Sample Label 3 to read as follows:

Appendix L to Part 305—Sample Labels

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BILLING CODE 6750-01-U

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Prototype Label 2



Sample Label 3

By direction of the Commission. Donald S. Clark, Secretary. [FR Doc. 03–7933 Filed 4–2–03; 8:45 am] BILLING CODE 6750–01–C