



**BILLING CODE 4810-31-P**

**DEPARTMENT OF THE TREASURY**

**Alcohol and Tobacco Tax and Trade Bureau**

**27 CFR Part 9**

**[Docket No. TTB-2020-0009; Notice No. 194]**

**RIN: 1513-AC59**

**Proposed Establishment of the San Luis Obispo Coast (SLO Coast)**

**Viticultural Area**

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

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to establish the 408,585-acre “San Luis Obispo Coast” viticultural area in San Luis Obispo County, California. TTB is proposing to recognize both “San Luis Obispo Coast” and the abbreviated “SLO Coast” as the name of the proposed AVA. The proposed AVA is located entirely within the existing Central Coast AVA and would encompass the established Edna Valley and Arroyo Grande Valley AVAs. 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. TTB invites comments on this proposed addition to its regulations.

**DATES:** TTB must receive your comments on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may electronically submit comments to TTB on this proposal, and view copies of this document, its supporting materials, and any comments TTB receives on it within Docket No. TTB–2020–0009 as posted on Regulations.gov (<https://www.regulations.gov>), the Federal e-rulemaking portal. Please see the “**Public Participation**” section of this document below for full details on how to comment on this proposal via Regulations.gov or U.S. mail, and for full details on how to obtain copies of this document, its supporting materials, and any comments related to this proposal.

**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 the functions and duties in the administration and enforcement of these provisions to the TTB Administrator through Treasury Order 120–01, dated December 10, 2013 (superseding Treasury Order 120–01, dated January 24, 2003).

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 of the TTB regulations (27 CFR 9.12) 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 that affect viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed AVA distinctive and distinguish it from adjacent areas outside the proposed AVA;
- If the proposed AVA is to be established within, or overlapping, an existing AVA, an explanation that both identifies the attributes of the proposed AVA that are consistent with the existing AVA and explains how the proposed AVA is sufficiently distinct from the existing AVA and therefore appropriate for separate recognition;

- 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.

### **Petition to Establish the San Luis Obispo Coast (SLO Coast) AVA**

TTB received a petition from the SLO Coast AVA Association, proposing to establish the “San Luis Obispo Coast” AVA. The petition also requested that TTB recognize the abbreviated name “SLO Coast” as an approved alternative name for the proposed AVA. For purposes of the remainder of this document, TTB will refer to the proposed AVA as “SLO Coast.”

The proposed SLO Coast AVA is located in San Luis Obispo County, California, and is entirely within the existing Central Coast AVA (27 CFR 9.75). The proposed AVA would also encompass the existing Edna Valley (27 CFR 9.35) and Arroyo Grande Valley (27 CFR 9.129) AVAs. Within the 408,585-acre proposed AVA, there are over 50 wineries and approximately 78 commercial vineyards, which cover a total of approximately 3,942 acres. The petition states that of those 3,942 acres of vineyards, approximately 2,661 acres are in the existing Edna Valley AVA, 838 acres are in the existing Arroyo Grande AVA, and 398 acres are distributed throughout the remaining portion of the proposed AVA. The distinguishing features of the proposed SLO Coast AVA are its topography, climate, and soils. Unless otherwise noted, all information and data contained in

the following sections are from the petition to establish the proposed AVA and its supporting exhibits.

### **Proposed SLO Coast AVA**

#### *Name Evidence*

The proposed SLO Coast AVA derives its name from its location in coastal San Luis Obispo County. The petition notes that the region is often referred to as “SLO,” which is a reference to both the county’s initials and its relaxed culture. The petition states that although the full name of the proposed AVA is “San Luis Obispo Coast,” the frequently-used abbreviation “SLO” should also be recognized by TTB in order to avoid consumer confusion.

The petition included a number of examples of the use of the name “SLO Coast” to describe the region of the proposed AVA. For example, a book about Santa Barbara County and California’s Central Coast contains a chapter titled “Coastal SLO” that uses the phrase “SLO Coast” nearly a dozen times.<sup>1</sup> The petition shows that businesses within the proposed AVA include SLO Coast Jerky, SLO Coast Diner, SLO Coast Catering, SLO Coast Realty, SLO Coast Insurance Services, SLO Coast Custom Print and Laser, SLO Coast Construction, and SLO Coast Coffee. An online magazine featuring information about the region of the proposed AVA is called SLO Coast Journal.<sup>2</sup> Finally, on his 2016 campaign website, State Senate Majority Leader Bill Monning described

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<sup>1</sup> Wares, Donna. *An Explorer’s Guide—Santa Barbara & California’s Central Coast*. New York: The Countryman Press, 2011.

<sup>2</sup> *slocoastjournal.net*.

his district as encompassing “the SLO Coast towns of Pismo Beach, Grover Beach, and Arroyo Grande,”<sup>3</sup> all of which are within the proposed AVA.

### *Boundary Evidence*

The proposed SLO Coast AVA is a long, relatively narrow region that encompasses the portion of San Luis Obispo County that is oriented towards the Pacific Ocean and experiences an immediate marine influence. The proposed AVA is 1.7 miles across at its narrowest point and 15.1 miles across at its widest point. According to the petition, approximately 97 percent of the proposed AVA sits at elevations below 1,800 feet, which is described in the petition as the approximate limit of strong marine influence.

The northern boundary of the proposed AVA follows the northern Piedras Blancas Grant boundary and separates the proposed AVA from the Los Padres National Forest. Beyond the northern boundary, the elevations rise sharply and become more rugged. The eastern boundary follows a series of straight lines between peaks of the Santa Lucia Range, as well as the boundary of the Los Padres National Forest, to separate the proposed AVA from regions that are oriented away from the Pacific Ocean and receive little direct marine influence. The southern boundary generally follows the Nipomo Mesa and the boundary of the Oceano State Vehicular Recreation Area. The region south of this boundary is sandier than the proposed AVA and also contains State recreational area

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<sup>3</sup> <http://www.billmonning.org/2016/district.html>.

lands that are not appropriate for vineyard development. The western boundary of the proposed AVA follows the coastline of the Pacific Ocean.

### *Distinguishing Features*

According to the petition, the distinguishing features of the proposed SLO Coast AVA are its topography, climate, and soils. Because the Pacific Ocean is to the west of the proposed AVA, the following sections will only compare the features of the proposed AVA to the surrounding regions to the north, east, and south.

#### Topography

The petition describes the proposed SLO Coast AVA as a region of coastal terraces, foothills, and small valleys along the Pacific Coast. The region is oriented to the west, allowing the region to experience marine fog and cool marine air. According to the petition, 97 percent of the proposed AVA is at or below 1,800 feet in elevation, which corresponds to the approximate limit of the influence of the maritime climate. The petition states that the steady maritime influence prevents temperatures from rising too high or dropping too low for optimal vineyard conditions.

According to U.S.G.S maps provided with the petition, to the north of the proposed AVA, the elevations rise to over 3,000 feet and the terrain is steep and rough. The higher elevations are above the maximum extent of the marine air and fog that characterizes the proposed AVA. Additionally, the land north of the proposed AVA was excluded because most of it is within the Los Padres National Forest and thus is unavailable for commercial viticulture. To the east of the

proposed AVA is the eastern side of the Santa Lucia Range. This region is oriented to the east, away from the Pacific Ocean, and is thus not as exposed to the marine influence as the proposed AVA. To the south of the proposed AVA is the Santa Maria Valley, which has a much flatter topography.

## Climate

The proposed SLO Coast AVA petition included information on the climate of the proposed AVA, including growing degree day<sup>4</sup> (GDD) accumulations and Winkler Regions<sup>5</sup>, average maximum and minimum temperatures, and cloud cover.

*GDD accumulations and Winkler Regions:* The petition included data on the average GDD accumulations and the corresponding Winkler Region for the proposed AVA and the surrounding regions. The information for the entire proposed SLO Coast AVA is included in the following table, along with the information for several established AVAs in the surrounding regions and for the established Edna Valley and Arroyo Grande Valley AVAs, which are located within the proposed AVA.<sup>6</sup>

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<sup>4</sup> According to the petition, GDDs for a particular region are calculated by adding the total mean daily temperatures above 50 degrees Fahrenheit (F) for the days from April 1 through October 31. The formula is based on the concept that most vine-shoot growth occurs in temperatures over 50 degrees F.

<sup>5</sup> See Albert J. Winkler, *General Viticulture* (Berkeley: University of California Press, 2nd. ed. 1974), pages 61 – 64. In the Winkler scale, the GDD regions are defined as follows: Region I = less than 2,500 GDDs; Region II = 2,501–3,000 GDDs; Region III = 3,001–3,500 GDDs; Region IV = 3,501–4,000 GDDs; Region V = greater than 4,000 GDDs.

<sup>6</sup> The petition included GDD and Winkler Region information for additional established AVAs in California and Washington and wine regions in France. However, TTB believes that the additional AVAs are too far from the proposed AVA to provide relevant comparisons. All GDD

<b>Table 1: GDD Accumulations and Winkler Regions</b>		
<b>AVA Name (direction from proposed AVA)</b>	<b>GDD Accumulation<sup>7</sup></b>	<b>Winkler Region</b>
Proposed SLO Coast	2,493	I
Edna Valley (within)	2,738	II
Arroyo Grande Valley (within)	2,786	II
Monterey (NE)	2,594	II
Arroyo Seco (NE)	2,680	II
York Mountain (E)	2,772	II
Paso Robles (E)	3,425	III
Santa Maria Valley (S)	2,733	II
Santa Ynez Valley (S)	2,844	II

The data shows that the proposed SLO Coast AVA, as a whole, has a lower GDD accumulation and is in a lower Winkler Region than the surrounding regions. The established Edna Valley and Arroyo Grande Valley AVAs, which are located within the proposed AVA, have higher individual GDD accumulations and are in a higher Winkler Region than the remainder of the proposed AVA. The petition explains that both of these AVAs are somewhat sheltered from the marine influence but still receive more marine air and fog than the regions outside the proposed AVA on the eastern side of the Santa Lucia Range, such as the Paso Robles AVA. The petition suggests that the Arroyo Grande Valley AVA's GDD accumulation may be skewed high due to the fact that the far eastern portion of that AVA, which represents approximately 5 percent of the

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and Winkler Region information from the petition can be found in the online docket at [www.regulations.gov](http://www.regulations.gov).

<sup>7</sup> Derived from climate data from 1971-2000. See petition for additional information regarding GDD calculations.

total acreage of the proposed SLO Coast AVA, is in a narrow, sheltered canyon that is classified as a Winkler Region III. Furthermore, Appendices 4 through 6 of the petition<sup>8</sup> include evidence that other protected pockets with Winkler Region II GDD accumulations exist within the proposed SLO Coast AVA, so including the Arroyo Grande Valley and Edna Valley AVAs would not be inconsistent with the characteristics of the rest of the proposed AVA.

According to the petition, low GDD accumulations limit which grape varieties can be successfully grown in the region. The petition states that areas classified as Winkler Region I, like the majority of the proposed AVA, are well-suited for growing early-to-mid-season-ripening varieties such as Chardonnay and Pinot Noir, which comprise 43 percent and 35 percent, respectively, of the total planted vineyard acreage within the proposed SLO Coast AVA.

*Average minimum and maximum growing season temperatures:* The petition states that the average minimum growing season temperature for nearly 90 percent of the proposed SLO Coast AVA is between 47.5 degrees F and 52 degrees F.<sup>9</sup> The petition attributes the mild minimum temperatures of the proposed AVA to its proximity to the waters of the Pacific Ocean, which have a high heat capacity that provides a constant moderation on the climate. Likewise, the ocean moderates the average maximum growing season temperature of the proposed AVA. Sea breeze circulation, driven by inland heating, keeps the

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<sup>8</sup> See Appendices 4 through 6 to the petition in [Docket TTB-2020-0009](https://www.regulations.gov) at <https://www.regulations.gov>.

<sup>9</sup> Derived from climate data from 1981-2015. See Appendix 7 to the petition in [Docket TTB-2020-0009](https://www.regulations.gov) at <https://www.regulations.gov>.

daytime temperatures lower along the coast than within the inland valleys east of the proposed AVA. According to the petition, 21 percent of the proposed SLO Coast AVA has an average maximum growing season temperature of less than 70 degrees F, while another 68 percent of the proposed AVA has an average maximum growing season temperature of between 70 and 78 degrees F.<sup>10</sup>

By contrast, the region east of the proposed AVA is sheltered by the Santa Lucia Mountains from the moderating influence of the Pacific Ocean. As a result, the region has lower average minimum temperatures and higher average maximum temperatures than the proposed AVA. For example, the majority of the established Paso Robles AVA has an average minimum growing season temperature that is below 50 degrees F, but a large portion of that AVA is even cooler, with an average minimum temperature below 46 degrees F. The average maximum growing season temperature within the Paso Robles AVA is above 80 degrees F.

The region south of the proposed AVA, which includes the established Santa Maria Valley AVA, has a flatter terrain than the proposed SLO Coast AVA and is thus more exposed to the marine air. As a result, the region to the south has a higher average minimum growing season temperature and a lower average maximum growing season temperature than the proposed AVA.

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<sup>10</sup> Derived from climate data from 1981–2015. See Appendix 8 to the petition in Docket TTB-2020–0009 at <https://www.regulations.gov>.

The petition states that the mild minimum and maximum growing season temperatures within the proposed SLO Coast AVA affect viticulture. Mild minimum temperatures lead to a shorter period of wintertime vine dormancy and earlier spring bud breaks. However, early spring bud breaks are not a concern for grape growers in the proposed AVA because potentially damaging frost events that can damage or kill early vine growth in the spring are far less common in coastal regions than they are in inland valleys. Lower maximum temperatures lead to a reduced risk of fruit desiccation and also produce higher levels of malic acid in the grapes, which increases total acidities and lowers pH values. Finally, the petition notes that the cooler temperatures of the proposed AVA can affect the flavor profile of certain grape varieties, specifically Syrah. The petition claims that Syrah grown in cooler climates such as the proposed AVA features more pepper and gamey flavors compared to the riper, fruitier flavors found in Syrah grown in warmer regions.

*Cloud cover:* The petition also provided information about nighttime cloud cover over the proposed SLO Coast AVA and the surrounding regions. The petition states that daytime fog is typically present in coastal regions of California, but that it quickly dissipates as the air heats up. In the evening, land temperatures decrease and the moist air above cools to its dew point, resulting in nighttime fog.

According to the petition, the majority of the proposed SLO Coast AVA experiences nighttime fog cover between 35 and 55 percent of all nights during

the growing season.<sup>11</sup> The region of the proposed AVA immediately adjacent to the coast, the Morro Bay area, and the southernmost region of the proposed AVA all experience fog 55 of 75 percent of all nights during the growing season. By contrast, the majority of the region east of the proposed AVA experiences fog less than 30 percent of all nights during the growing season, while the region south of the proposed AVA has fog over 55 percent of all nights during the growing season.

The petition states that cloud cover in the form of nighttime fog has an effect on viticulture within the proposed AVA. The fog prevents nighttime temperatures from dropping significantly. As a result, the proposed AVA generally experiences temperature changes of no more than 20 to 30 degrees F throughout the day. The moderate nighttime temperatures lead to longer growing seasons within the proposed AVA. By contrast, regions to the east with less nighttime fog experience 40 to 50 degree swings and a greater risk of damaging early spring frosts.

#### Soils

The petition states that the soils of the proposed SLO Coast AVA can be classified into four groups. The first group is derived from older Franciscan Formation geology. This group represents the largest proportion of soils within the boundaries of the proposed AVA and is found in the northern and central

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<sup>11</sup> Derived from climate data from 2003–2015. See Appendix 9 of the petition in Docket TTB-2020–0009 at <https://www.regulations.gov>.

portions of the proposed AVA. These soils derive from sandstone, shale, and metamorphosed sedimentary rocks, and they vary from very thin, rocky soils on hills and mountains to very deep clay and clay-loam soils along lower-lying alluvial fans and terraces. These soils are highly varied due to the highly complex nature of the Franciscan Formation geology that produced these soils. The soils of this group that are most suitable for viticulture are found on foothills, terraces, and valleys and have good drainage, moderate water holding capacity, and a high mineral content. Examples of soil series in this group include Diablo, San Simeon, Shimmon, Conception, and Santa Lucia series.

The second group of soils found in the proposed AVA consists of younger marine deposits and basin sediments from the Miocene and Pliocene periods. These soils represent the second largest proportion of soils in the proposed AVA and are mostly found in the southern region of the proposed AVA. Most of these soils are composed of sandy loam and loams derived from marine deposits of sandstone and shale, and they have less clay than soils in the northern portion of the proposed AVA. The higher sand content provides excellent drainage for vineyards, but often requires irrigation during the growing season. Examples of soil series in this group include Pismo, Briones, Tierras, Gazos, Nacimiento, Linne, Balcom, and Sorrento series.

The third group of soils found in the proposed AVA is derived from volcanic intrusion and represents a very small proportion of the soils within the proposed AVA, occurring mostly in isolated instances on very steep terrain within the Santa Lucia Mountains, as well as along the rocky outcrops near Morro Bay.

Most soils in this group are thick and are found on excessively steep terrain or rocky outcrops that are unsuitable for viticulture.

The fourth group of soils within the proposed AVA is derived from wind deposits and comprises the sand dunes and low areas near the coast. These soils comprise a very small portion of the proposed AVA, mainly along the coastline near Morro Bay and around the township of Nipomo. They consist of very deep sands at low elevations and are excessively drained soils with a high sodium content, making them generally unsuitable for viticulture.

To the south of the proposed AVA, within the established Santa Maria AVA, the soils are largely from younger geological periods and consist of deep, fertile, sandy soils that are well-suited for viticulture. These soils are derived from alluvial deposits and contain less clay and clay loam than the majority of soils in the proposed AVA. To the east of the proposed AVA, within the established Paso Robles AVA, the soils consist of alluvial and terrace deposits. The region north of the proposed AVA is characterized by rocky outcrops, shallow soils derived from sandstone and metamorphic rock, and soils derived from igneous and granitic rocks.

#### *Summary of Distinguishing Features*

The topography, climate, and soils of the proposed SLO Coast AVA distinguish it from the surrounding regions to the north, east, and south. To the west of the proposed AVA is the Pacific Ocean. The following table summarizes the distinguishing features of the proposed AVA and the surrounding regions.

<b>Table 2: Summary of Distinguishing Features</b>
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<b>Region</b>	<b>Topography</b>	<b>Climate</b>	<b>Soils</b>
Proposed SLO Coast AVA	Coastal terraces, foothills, and small valleys with western orientations and elevations below 1,800 feet	Marine influenced climate with average GDD accumulation of 2,493, average minimum growing season temperatures between 47.5 and 52 degrees F, average maximum growing season temperatures between 70 and 78 degrees, and frequent nighttime fog	Majority of soils derived from Franciscan Formation and marine deposits and basin sediments, with some soils formed from volcanic intrusion and wind deposited sand
North	Steep, mountainous region with elevations over 3,000 feet	Less marine influence, higher GDD accumulations, lower average growing season minimum temperature, higher average growing season maximum temperature, less nighttime fog	Shallow soils derived from sandstone and metamorphic rocks and igneous and granitic rocks

East	Eastern slope orientation	Less marine influence, higher GDD accumulations, lower average growing season minimum temperature, higher average growing season maximum temperature, less nighttime fog	Alluvial and terrace deposits, as well rock outcrop in the Santa Lucia Mountain Range
South	Flat valley terrain	Higher GDD accumulations, higher average growing season minimum temperature, lower average growing season maximum temperature, more nighttime fog	Younger soils consisting of deep, fertile, sandy soils

*Comparison of the Proposed SLO Coast AVA to the Existing Edna Valley AVA*

The Edna Valley AVA was established by T.D. ATF-101, which was published in the **Federal Register** on May 12, 1982 (47 FR 20298). The AVA is located in the southeastern portion of the proposed SLO Coast AVA and covers approximately 35 square miles. T.D. ATF-101 states that the Edna Valley AVA consists of a natural valley that has a predominately Region II climate with a few pockets that classify as Region I. A gap in the coastal mountains allows marine air and fog to enter the valley and keep the summer temperatures lower and the winter temperatures warmer than the temperature farther to the east, beyond the

Santa Lucia Mountains. Elevations range from 120 to 300 feet, and the soils are generally sandy clay loam, clay loam, or clay.

The proposed SLO Coast AVA shares some of the general viticultural features of the Edna Valley AVA. For example, temperatures within both the proposed AVA and the established AVA are influenced by marine air and fog and are generally cooler than temperatures in the region to the east. Both the proposed AVA and the established AVA also have similar soils of clay and loam. However, the proposed AVA also has some unique characteristics. For instance, the majority of the proposed AVA can be classified as a Region I climate with pockets of Region II microclimates, whereas most of the established Edna Valley AVA is classified as a Region II climate with pockets of Region I microclimates. Additionally, the proposed SLO Coast AVA has a wider range of elevations than the Edna Valley AVA.

#### *Comparison of the Proposed SLO Coast AVA to the Existing Arroyo Grande Valley AVA*

The Arroyo Grande Valley AVA was established by T.D. ATF–291, which was published in the **Federal Register** on January 4, 1990 (55 FR 285). The AVA is located in the southeastern region of the proposed SLO Coast AVA, adjacent to the Edna Valley AVA, and covers approximately 67 square miles. T.D. ATF–291 states that the Arroyo Grande Valley AVA is primarily distinguished by its climate, which is described as ranging from high Region I to Region II. The AVA experiences frequent morning and evening fog and temperatures, and is moderated by the marine influence.

The proposed SLO Coast AVA shares some of the general viticultural features of the Arroyo Grande Valley AVA. For example, both the proposed AVA and the established AVA experience morning and evening fog. They also both have temperatures that are influenced by marine air and are generally cooler than temperatures in the region to the east. However, the proposed AVA is described as having an overall cooler climate than the Arroyo Grande Valley AVA, which is in a more sheltered location within the proposed AVA and experiences less direct marine influence.

*Comparison of the Proposed SLO Coast AVA to the existing Central Coast AVA*

The approximately 1 million-acre Central Coast AVA was established by T.D. ATF–216, which was published in the **Federal Register** on October 24, 1985 (50 FR 43128). The AVA is a large, multi-county AVA that entirely encompasses the proposed SLO Coast AVA. T.D. ATF–216 states that the Central Coast AVA is primarily distinguished by its marine-influenced climate. The AVA experiences maximum high temperatures, minimum low temperatures, marine fog intrusion, relative humidity, length of growing season, and precipitation that are significantly different from conditions on the eastern (inland) side of the Coastal Ranges.

The proposed SLO Coast AVA shares some of the general viticultural features of the Central Coast AVA. For example, both the proposed AVA and the established AVA experience fog, have temperatures that are influenced by marine air, and are generally milder than temperatures in the inland region to the

east. However, due to its smaller size, the climate, topography, and soils of the proposed AVA are less varied than those of the much larger Central Coast AVA.

### **TTB Determination**

TTB concludes that the petition to establish the 408,585-acre “SLO Coast” AVA merits consideration and public comment, as invited in this proposed rule.

### *Boundary Description*

See the narrative boundary descriptions of the petitioned-for AVA in the proposed regulatory text published at the end of this notice of proposed rulemaking.

### *Maps*

The petitioner provided the required maps, and they are listed below in the proposed regulatory text. You may also view the proposed SLO Coast AVA boundary on the AVA Map Explorer on the TTB website, at <https://www.ttb.gov/wine/ava-map-explorer>.

### **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 § 4.25(e)(3) of the TTB regulations (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 § 4.39(i)(2) of the TTB regulations (27 CFR 4.39(i)(2)) for details.

If TTB establishes this proposed AVA, its name, “San Luis Obispo Coast” or its abbreviated name “SLO Coast,” will be recognized as a name of viticultural significance under § 4.39(i)(3) of the TTB regulations (27 CFR 4.39(i)(3)). The text of the proposed regulation clarifies this point. Consequently, wine bottlers using “San Luis Obispo Coast” or “SLO Coast” in a brand name, including a trademark, or in another label reference as to the origin of the wine, would have to ensure that the product is eligible to use the viticultural area’s name “San Luis Obispo Coast” or the alternative abbreviated name “SLO Coast” as an appellation of origin.

The approval of the proposed “San Luis Obispo Coast” or “SLO Coast” AVA would not affect any existing AVA. If approved, the establishment of the proposed SLO Coast AVA would allow vintners to use “San Luis Obispo Coast,” “SLO Coast,” or “Central Coast” as appellations of origin for wines made from grapes grown within the SLO Coast AVA, if the wines meet the eligibility requirements for the appellation. Furthermore, vintners whose wines meet the eligibility requirements to use either “Edna Valley” or “Arroyo Grande Valley” as

appellations of origin would also be able to use “San Luis Obispo Coast,” “SLO Coast,” and “Central Coast” as appellations of origin on those wines.

## **Public Participation**

### *Comments Invited*

TTB invites comments from interested members of the public on whether TTB should establish the proposed SLO Coast AVA. TTB is interested in receiving comments on the sufficiency and accuracy of the name, boundary, topography, and other required information submitted in support of the SLO Coast AVA petition. In addition, because the proposed SLO Coast AVA would be within the existing Central Coast AVA and would encompass the existing Edna Valley and Arroyo Grande Valley AVAs, TTB is interested in comments on whether the evidence submitted in the petition regarding the distinguishing features of the proposed AVA sufficiently differentiates it from the existing AVAs. TTB is also interested in comments on whether the geographic features of the proposed AVA are so distinguishable from the Central Coast AVA that the proposed SLO Coast AVA should not be part of the established AVA. Finally, TTB invites comments on whether the geographical features of either the Edna Valley or Arroyo Grande Valley AVA are so distinguishable from the proposed SLO Coast AVA that one or both of the established AVAs should not be part of the proposed AVA. Please provide any available specific information in support of your comments.

Because of the potential impact of the establishment of the proposed SLO Coast AVA on wine labels that include the term “SLO Coast” or “San Luis Obispo

Coast” as discussed above under **Impact on Current Wine Labels**, TTB is particularly interested in comments regarding whether there will be a conflict between the proposed area names and currently used brand names. If a commenter believes that a conflict will arise, the comment should describe the nature of that conflict, including any anticipated negative economic impact that approval of the proposed AVA will have on an existing viticultural enterprise. TTB is also interested in receiving suggestions for ways to avoid conflicts, for example, by adopting a modified or different name for the proposed AVA.

### *Submitting Comments*

You may submit comments on this proposal by using one of the following two methods:

- *Federal e-Rulemaking Portal:* You may send comments via the online comment form posted with this document within Docket No. TTB–2020–0009 on “Regulations.gov,” the Federal e-rulemaking portal, at <https://www.regulations.gov>. A direct link to that docket is available under Notice No. 194 on the TTB Web site at <https://www.ttb.gov/wine/wine-rulemaking.shtml>. Supplemental files may be attached to comments submitted via Regulations.gov. For complete instructions on how to use Regulations.gov, visit the site and click on the “Help” tab at the top of the page.

- *U.S. Mail:* You may send comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Box 12, Washington, DC 20005.

Please submit your comments by the closing date shown above in this document. Your comments must reference Notice No. 194 and include your name and mailing address. Your comments also must be made in English, be legible, and be written in language acceptable for public disclosure. We do not acknowledge receipt of comments, and we consider all comments as originals.

Your comment must clearly state if you are commenting on your own behalf or on behalf of an organization, business, or other entity. If you are commenting on behalf of an organization, business, or other entity, your comment must include the entity's name as well as your name and position title. If you comment via Regulations.gov, please enter the entity's name in the "Organization" blank of the online comment form. If you comment via postal mail, please submit your entity's comment on letterhead.

You may also write to the Administrator before the comment closing date to ask for a public hearing. The Administrator reserves the right to determine whether to hold a public hearing.

#### *Confidentiality*

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

#### *Public Disclosure*

TTB will post, and you may view, copies of this document, selected supporting materials, and any online or mailed comments received about this proposal within Docket No. TTB-2020-0009 on the Federal e-rulemaking portal,

Regulations.gov, at <https://www.regulations.gov>. A direct link to that docket is available on the TTB Web site at <https://www.ttb.gov/wine/wine-rulemaking.shtml> under Notice No. 194. You may also reach the relevant docket through the Regulations.gov search page at <https://www.regulations.gov>. For instructions on how to use Regulations.gov, visit the site and click on the “Help” tab at the top of the page.

All posted comments will display the commenter’s name, organization (if any), city, and State, and, in the case of mailed comments, all address information, including e-mail addresses. TTB may omit voluminous attachments or material that it considers unsuitable for posting.

You may also obtain copies of this proposed rule, all related petitions, maps and other supporting materials, and any electronic or mailed comments that TTB receives about this proposal at 20 cents per 8.5- x 11-inch page. Please note that TTB is unable to provide copies of USGS maps or any similarly-sized documents that may be included as part of the AVA petition. Contact TTB’s Regulations and Rulings Division by e-mail using the web form at <https://www.ttb.gov/contact-rrd>, or by telephone at 202–453–1039, ext. 175, to request copies of comments or other materials.

### **Regulatory Flexibility Act**

TTB certifies that this proposed regulation, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposed regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of a viticultural area

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 proposed 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 document.

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

Wine.

### **Proposed Regulatory Amendment**

For the reasons discussed in the preamble, we propose to amend 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. Add § 9.\_\_\_\_\_ to read as follows:

#### **§ 9.\_\_\_\_\_ San Luis Obispo Coast.**

(a) *Name.* The name of the viticultural area described in this section is "San Luis Obispo Coast". "SLO Coast" may also be used as the name of the

viticultural area described in this section. For purposes of part 4 of this chapter, “San Luis Obispo Coast” and “SLO Coast” are terms of viticultural significance.

(b) *Approved maps.* The 24 United States Geological Survey (USGS) 1:24,000 scale topographic maps used to determine the boundary of the San Luis Obispo Coast viticultural area are titled:

- (1) Burro Mountain, 1995;
- (2) Piedras Blancas, 1959; photoinspected 1976;
- (3) San Simeon, 1958; photoinspected 1976;
- (4) Pebblestone Shut-In, 1959; photoinspected 1976;
- (5) Lime Mountain, 1948; photo revised 1979;
- (6) Cypress Mountain, 1979;
- (7) York Mountain, 1948; photorevised 1979;
- (8) Morro Bay North, 1995;
- (9) Atascadero, 1995;
- (10) San Luis Obispo, 1968; photorevised 1978;
- (11) Morro Bay South, 1965; photorevised 1978;
- (12) Lopez Mountain, 1995;
- (13) Arroyo Grande N.E., 1985;
- (14) Tar Spring Ridge, 1995;
- (15) Nipomo, 1965;
- (16) Huasna Peak, 1995;
- (17) Twitchell Dam, 1959; photorevised 1982;
- (18) Santa Maria, 1959; photorevised 1982;

- (19) Oceano, 1965; revised 1994
- (20) Pismo Beach, 1998;
- (21) Port San Luis, 1965; photorevised 1979;
- (22) Cayucus, 1965; revised 1994;
- (23) Cambria, 1959; photorevised 1979; and
- (24) Pico Creek, 1959; photorevised 1979.

(c) *Boundary.* The San Luis Obispo Coast viticultural area is located in San Luis Obispo County in California. The boundary of the San Luis Obispo Coast viticultural area is as described below:

(1) The beginning point is on the Burro Mountain map at the intersection of the northern boundary of the Piedra Blanca Grant boundary and the Pacific Ocean. From the beginning point, proceed southeast along the grant boundary to its intersection with the western boundary of Section 15, T25S/R6E; then

(2) Proceed northeast in a straight line to a marked 1,462-foot peak in Section 11, T25S/R6E; then

(3) Proceed southeast in a straight line, crossing onto the Piedras Blancas map, to a marked 2,810-foot peak in Section 19, T25S/R7E; then

(4) Proceed southeast in a straight line, crossing onto the San Simeon map, to the 2,397-foot peak of Garrity Peak in the Piedra Blanca Land Grant; then

(5) Proceed east in a straight line to a marked 2,729-foot peak in Section 32, T25S/R8E; then

(6) Proceed southeast in a straight line, crossing onto the Pebblestone Shut-In map, to the 3,432-foot peak of Rocky Butte in Section 24, T26S/R8E; then

(7) Proceed southeast in a straight line to the 2,849-foot peak of Vulture Rock in Section 29, T26S/R9E; then

(8) Proceed southeast in a straight line, crossing over the Lime Mountain map and onto the Cypress Mountain map to the 2,933-foot peak of Cypress Mountain in Section 12, T27S/R9E; then

(9) Proceed southeast in a straight line, crossing onto the York Mountain map, to the intersection of Dover Canyon Road and a jeep trail in Dover Canyon in Section 14, T27S/R10E; then

(10) Proceed southwesterly, then southeasterly along the jeep trail to the point where the jeep trail becomes an unnamed light-duty road, and continuing southeasterly along the road to its intersection Santa Rita Creek in Section 25, T27S/R10E; then

(11) Proceed easterly along Santa Rita Creek to the point where the creek splits into a northern and a southern fork; then

(12) Proceed east in a straight line to Cayucos Templeton Road, then proceed south along Cayucos Templeton Road, crossing onto the Morro Bay North map and continuing along the road as it becomes Santa Rita Road, to the intersection of the road with the northeast boundary of Section 20, T28S/R11E; then

(13) Proceed southeast along the northeast boundary of Section 20 to its intersection with the western boundary of the Los Padres National Forest; then

(14) Proceed south, then southeasterly along the western boundary of the Los Padres National Forest, crossing over the Atascadero map and onto the San Luis Obispo map, to the intersection of the forest boundary with the boundary of the Camp San Luis Obispo National Guard Reservation at the northeastern corner of Section 32, T29S/R12E; then

(15) Proceed south, then generally southwesterly along the boundary of Camp San Luis Obispo National Guard Reservation, crossing onto the Morro Bay South map and then back onto the San Luis Obispo map, and then continuing generally easterly along the military reservation boundary to the intersection of the boundary with a marked 1,321-foot peak along the northern boundary of the Potrero de San Luis Obispo Land Grant; then

(16) Proceed southeast in a straight line, crossing onto the Lopez Mountain map, to the southeastern corner of Section 18, T30S/R13E; then

(17) Proceed southeasterly in a straight line to the southeast corner of Section 29; then

(18) Proceed southeasterly in a straight line to a marked 2,094-foot peak in Section 2, T31S/R13E; then

(19) Proceed southeasterly in a straight line, crossing onto the Arroyo Grande NE map, to the intersection of the 1,800-foot elevation contour and the western boundary of the Los Padres National Forest, along the eastern boundary of Section 12, T31S/R13E; then

(20) Proceed south along the boundary of the Los Padres National Forest to the southeastern corner of Section 13, T31S/R13E; then

(21) Proceed southeast in a straight line to a marked 1,884-foot peak in Section 19, T31S/R14E; then

(22) Proceed southeast in a straight line to northwesternmost corner of the boundary of the Lopez Lake Recreation Area in Section 19, T31S/R14E; then

(23) Proceed south, then generally east along the boundary of the Lopez Lake Recreation Area, crossing onto the Tar Spring Ridge map, to the intersection of the boundary with an unnamed light-duty road known locally as Lopez Drive west of the Lopez Dam spillway in Section 32, T31S/R14E; then

(24) Proceed east along Lopez Drive to its intersection with an unnamed light-duty road known as Hi Mountain Road in Section 34, T31S/R14E; then

(25) Proceed east along Hi Mountain Drive to its intersection with an unnamed light-duty road known locally as Upper Lopez Canyon Road in the Arroyo Grande Land Grant; then

(26) Proceed north along Upper Lopez Canyon Road to its intersection with an unnamed, unimproved road that runs south to Ranchita Ranch; then

(27) Proceed northeast in a straight line to a marked 1,183-foot peak in Section 19, T31S/R15E; then

(28) Proceed southeast in a straight line to a marked 1,022-foot peak in Section 29, T31S/R15E; then

(29) Proceed southwest in a straight line to a marked 1,310-foot peak in Section 30, T31S/R15E; then

(30) Proceed southeast in a straight line to a marked 1,261-foot peak in Section 32, T31S/R15E; then

(31) Proceed southeast in a straight line to a marked 1,436-foot peak in Section 4, T32S/R15E; then

(32) Proceed southwest in a straight line to a marked 1,308-foot peak in the Huasna Land Grant; then

(33) Proceed westerly in a straight line to a marked 1,070-foot peak in Section 1, T32S/R14E; then

(34) Proceed southeast in a straight line to a marked 1,251-foot peak in the Huasna Land Grant; then

(35) Proceed southwest in a straight line to a marked 1,458-foot peak in the Santa Manuela Land Grant; then

(36) Proceed southeast in a straight line to a marked 1,377-foot peak in the Huasna Land Grant; then

(37) Proceed southwest in a straight line, crossing onto the Nipomo map, to a marked 1,593-foot peak in the Santa Manuela Land Grant; then

(38) Proceed southwest in a straight line to the jeep trail immediately north of a marked 1,549-foot peak in Section 35, T32S/R14E; then

(39) Proceed northwesterly along the jeep trail to its intersection with an unnamed, unimproved road in the Santa Manuela Land Grant; then

(40) Proceed south along the unimproved road to its intersection with Upper Los Berros Road No. 2 in Section 33, T32S/R14E; then

(41) Proceed southeast along Upper Los Berros Road No. 2, crossing onto the Huasna Peak map, to the intersection of the road and State Highway 166; then

(42) Proceed south, then westerly along State Highway 166, crossing over the Twitchell Dam, Santa Maria, and Nipomo maps, then back onto the Santa Maria map, to the intersection of State Highway 166 with U.S. Highway 101 in the Nipomo Land Grant; then

(43) Proceed south along U.S. Highway 101 to its intersection with the north bank of the Santa Maria River; then

(44) Proceed west along the north bank of the Santa Maria River to its intersection with the 200-foot elevation contour; then

(45) Proceed generally west along the 200-foot elevation contour, crossing over the Nipomo map and onto the Oceano map, to a point north of where the north-south trending 100-foot elevation contour makes a sharp westerly turn in the Guadalupe Land Grant; then

(46) Proceed due south in a straight line to the 100-foot elevation contour; then

(47) Proceed westerly along the 100-foot elevation contour to its intersection with State Highway 1 in the Guadalupe Land Grant; then

(48) Proceed northwesterly in a straight line to the eastern boundary of the Pismo Dunes State Vehicular Recreation Area at Lettuce Lake in the Bolsa de Chamisal Land Grant; then

(49) Proceed northerly along the eastern boundary of the Pismo Dunes State Vehicular Recreation Area to the point where the boundary makes a sharp westerly turn just west of Black Lake in the Bolsa de Chamisal Land Grant; then

(50) Northerly along the Indefinite Boundary of the Pismo Dunes National Preserve to corner just west of Black Lake in the Bolsa de Chamisal Land Grant; then

(51) Proceed east in a straight line to an unnamed four wheel drive road east of Black Lake in the Bolsa de Chamisal Land Grant; then

(52) Proceed north along the western fork of the four wheel drive road as it meanders to the east of White Lake, Big Twin Lake, and Pipeline Lake, to the point where the road intersects an unnamed creek at the southeastern end of Cienega Valley in the Bolsa de Chamisal Land Grant; then

(53) Proceed northwesterly along the creek to its intersection with an unnamed dirt road known locally as Delta Lane south of the Oceano Airport; then

(54) Proceed northerly along Delta Lane to its intersection with an unnamed light-duty road known locally as Ocean Street; then

(55) Proceed east in a straight line to State Highway 1; then

(56) Proceed northerly on State Highway 1, crossing onto the Pismo Beach map, to the highway's intersection with a light-duty road known locally as Harloe Avenue; then

(57) Proceed west along Harloe Avenue to its intersection with the boundary of Pismo State Beach; then

(58) Proceed northwesterly along the boundary of Pismo State Beach to its intersection with the Pacific Ocean coastline; then

(59) Proceed northerly along the Pacific Ocean coastline, crossing over the Pismo Beach, Port San Luis, Morro Bay South, Morro Bay North, Cayucos, Cambria, Pico Creek, San Simeon, and Piedras Blancas maps and onto the Burro Mountain map, and returning to the beginning point.

Signed: May 28, 2020.

**Mary G. Ryan**

*Acting Administrator.*

Approved: June 17, 2020.

**Timothy E. Skud,**

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

Editorial Note: This document was received for publication by the Office of the Federal Register on August 7, 2020.

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