

Dated: June 11, 2002.

Timothy Egert,

Federal Register Liaison, Department of State.

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4022 and 4044

Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: The Pension Benefit Guaranty Corporation's regulations on Benefits Payable in Terminated Single-Employer Plans and Allocation of Assets in Single-Employer Plans prescribe interest assumptions for valuing and paying benefits under terminating single-employer plans. This final rule amends the regulations to adopt interest assumptions for plans with valuation dates in July 2002. Interest assumptions are also published on the PBGC's Web site (<http://www.pbgc.gov>).

EFFECTIVE DATE: July 1, 2002.

FOR FURTHER INFORMATION CONTACT: Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024. (TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4024.)

SUPPLEMENTARY INFORMATION: The PBGC's regulations prescribe actuarial assumptions—including interest assumptions—for valuing and paying plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974. The interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Three sets of interest assumptions are prescribed: (1) A set for the valuation of benefits for allocation purposes under section 4044 (found in appendix B to part 4044), (2) a set for the PBGC to use to determine whether a benefit is payable as a lump sum and to determine lump-sum amounts to be paid by the PBGC (found in appendix B to part 4022), and (3) a set for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology (found in Appendix C to Part 4022).

Accordingly, this amendment (1) adds to appendix B to part 4044 the interest assumptions for valuing benefits for allocation purposes in plans with valuation dates during July 2002, (2) adds to appendix B to part 4022 the interest assumptions for the PBGC to use for its own lump-sum payments in plans with valuation dates during July 2002, and (3) adds to appendix C to part 4022 the interest assumptions for private-sector pension practitioners to refer to if they wish to use lump-sum interest rates determined using the PBGC's historical methodology for valuation dates during July 2002.

For valuation of benefits for allocation purposes, the interest assumptions that the PBGC will use (set forth in appendix B to part 4044) will be 5.70 percent for the first 25 years following the valuation date and 4.25 percent thereafter. These interest assumptions are unchanged from those in effect for June 2002.

The interest assumptions that the PBGC will use for its own lump-sum payments (set forth in appendix B to part 4022) will be 4.50 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. These interest assumptions are unchanged from those in effect for June 2002.

For private-sector payments, the interest assumptions (set forth in appendix C to part 4022) will be the same as those used by the PBGC for determining and paying lump sums (set forth in appendix B to part 4022).

The PBGC has determined that notice and public comment on this amendment

are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation and payment of benefits in plans with valuation dates during July 2002, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects

29 CFR Part 4022

Employee benefit plans, Pension insurance, Pensions, Reporting and recordkeeping requirements.

29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR parts 4022 and 4044 are amended as follows:

PART 4022—BENEFITS PAYABLE IN TERMINATED SINGLE-EMPLOYER PLANS

1. The authority citation for part 4022 continues to read as follows:

Authority: 29 U.S.C. 1302, 1322, 1322b, 1341(c)(3)(D), and 1344.

2. In appendix B to part 4022, Rate Set 105, as set forth below, is added to the table. (The introductory text of the table is omitted.)

Appendix B to Part 4022—Lump Sum Interest Rates for PBGC Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2
*	*	*	*	*	*	*	*	*
105	7-1-02	8-1-02	4.50	4.00	4.00	4.00	7	8

3. In appendix C to part 4022, Rate Set 105, as set forth below, is added to the table. (The introductory text of the table is omitted.)

Appendix C to Part 4022—Lump Sum Interest Rates For Private-Sector Payments

* * * * *

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		i_1	i_2	i_3	n_1	n_2
*	*		*	*	*	*	*	*
105	7-1-02	8-1-02	4.50	4.00	4.00	4.00	7	8

PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

4. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

5. In appendix B to part 4044, a new entry, as set forth below, is added to the

table. (The introductory text of the table is omitted.)

Appendix B to Part 4044—Interest Rates Used to Value Benefits

* * * * *

For valuation dates occurring in the month—	The values of i_t are:					
	i_t	for $t =$	i_t	for $t =$	i_t	for $t =$
*	*	*	*	*	*	*
July 20020570	1-25	.0425	>25	N/A	N/A

Issued in Washington, DC, on this 10th day of June, 2002.

Steven A. Kandarian,

Executive Director, Pension Benefit Guaranty Corporation.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 165

[CGD09-01-124]

RIN 2115-AA97

Security Zone: Lake Ontario, Oswego, NY

AGENCY: Coast Guard, DOT.

ACTION: Temporary final rule; change in effective period.

SUMMARY: The Coast Guard is revising the effective period for a temporary security zone in the Captain of the Port Buffalo zone for the Nine Mile Point and Fitzpatrick Nuclear Power Plants. This security zone is necessary to protect the Nine Mile Point and Fitzpatrick Nuclear Power Plants from possible sabotage or other subversive acts, accidents, or possible acts of terrorism. This security zone is intended to restrict vessel traffic from a portion of Lake Ontario.

DATES: The amendment to § 165.T09-999(b) in this rule is effective on June

14, 2002. Section 165.T09-999, added at 66 FR 49286, September 27, 2001, effective from September 12, 2001, through June 15, 2002 as amended in this rule, is extended in effect through August 15, 2002.

ADDRESSES: Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, are part of docket CGD09-01-124 and are available for inspection or copying at U.S. Coast Guard Marine Safety Buffalo, 1 Fuhrmann Blvd., Buffalo, NY 14203 between 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Lieutenant Commander David Flaherty, U.S. Coast Guard Marine Safety Office Buffalo, 1 Fuhrmann Blvd., Buffalo, NY 14203. The telephone number is (716) 843-9574.

SUPPLEMENTARY INFORMATION:

Regulatory Information

On September 27, 2001, we published a temporary final rule entitled Security Zone: Lake Ontario, Oswego, NY in the **Federal Register** (66 FR 49285). The temporary final rule established a temporary security zone in the Captain of the Port Buffalo zone for the Nine Mile Point and Fitzpatrick Nuclear Power Plants. This security zone is necessary to protect this nuclear power plant from possible sabotage or other subversive acts, accidents, or possible acts of terrorism.

We are extending the effective period of the temporary final rule so that we can complete a rulemaking CGD09-02-005 Security Zones; Captain of the Port Buffalo Zone to permanently establish four permanent security zones on the navigable waters of Lake Ontario and the St. Lawrence River in the Captain of the Port Buffalo Zone. These security zones are necessary to protect the Nuclear Power Plants and the St. Lawrence Seaway system from possible acts of terrorism. Extending the effective date until August 15, 2002 should provide us enough time to complete the rulemaking.

We did not publish a notice of proposed rulemaking (NPRM) for this rule and it is being made effective less than 30 days after publication in the **Federal Register**. When we promulgated the September 12, 2001 rule, we intended to either allow it to expire on June 15, 2002, or to cancel it if we made permanent changes before that date. We published an NPRM on May 30, 2002 to propose permanent security zones for this and other power plants (67 FR 37748). That rulemaking will follow normal notice and comment procedures, and a final rule should be published before August 15, 2002. Continuing the temporary final rule in effect while the permanent rulemaking is in progress will help ensure the safety of critical infrastructure that may be the subject of subversive activity. Nuclear power plants are an important means of