WHEREAS the Armed Forces of the United States serve the Nation with courage and devotion both in war and peace; and

WHEREAS the Armed Forces, as a unified team, are currently performing, at home and across the seas, tasks vital to the security of the Nation and to the establishment of a durable peace; and

WHEREAS it is fitting and proper that we devote one day each year to paying tribute to the Armed Forces as the servants and protectors of our Nation;

NOW, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, do hereby proclaim that Armed Forces Day, 1950, shall be known as Armed Forces Day; and I invite the Governors of the States, Territories, and possessions to issue proclamations calling for the observance of this day in such manner as to honor the Armed Forces of the United States and the millions of veterans who have returned to civilian pursuits.

As Commander-in-Chief of the Armed Forces of the United States, I direct the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force to mark the designated day with appropriate ceremonies, and to cooperate with civil authorities and civic bodies in suitable observances.

I call upon my fellow citizens to display the flag of the United States at their homes on Armed Forces Day and to participate in exercises expressive of our recognition of the skill, gallantry, and uncompromising devotion to duty characteristic of the Armed Forces in the carrying out of their missions.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this 7th day of February in the year of our Lord nineteen hundred and thirty-five, and of the Independence of the United States of America the one hundred and seventy-fourth.

HARRY S. TRUMAN

By the President:

DEAN ACHESON,
Secretary of State.

[Proclamation No. 2873 dated March 2, 1950, issued by President Harry S. Truman, declaring May 20, 1950, as Armed Forces Day.]
1949 Edition

CODE OF FEDERAL REGULATIONS

The following books are now available:

Title 43 ($4.25)
Tilles 47-48 ($4.50)

Previously announced: Title 3, 1948 Supp. ($2.75); Titles 4-5 ($2.25); Title 6 ($3.50); Title 7; Parts 1-9 ($4.25); Parts 10-874 ($2.75); Parts 900 to end ($2.50); Title 8 ($2.75); Title 9 ($2.50); Titles 10-13 ($2.00); Title 14; Parts 1-399 ($2.50); Parts 400 to end ($2.25); Title 15 ($2.50); Title 16 ($3.50); Title 17 ($2.75); Title 18 ($2.75); Title 19 ($2.50); Title 20 ($2.75); Title 21 ($2.50); Title 22-23 ($2.25); Title 24 ($2.75); Title 25 ($2.75); Title 26; Parts 1-79 ($4.00); Parts 80-189 ($2.75); Parts 190-299 ($2.50); Parts 300 to end, and Title 27 ($1.50); Title 28-29 ($2.50); Title 30-31 ($3.25); Title 32 and 34 ($4.50); Title 33 ($3.50); Titles 34-37 ($3.50); Title 38 ($2.50); Title 39 ($3.50); Title 40-42 ($2.50); Titles 44 and 45 ($2.25); Title 46; Parts 1-145 ($2.75); Parts 146 to end ($4.25); Title 47 ($2.25)


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Paragraph (b) and footnote 14 are deleted and paragraph (c) is redesignated (b).
The parenthetical matter at the end of § 23.31 is amended to read "(Sec. 587, 49 Stat. 1024, as amended; 19 U. S. C. 1240 note)"


10. § 194.42 or a reasonable cause for delinquency is clearly established by the taxpayer. Where the delinquency is discovered by an officer working under the direction of the district supervisor, and the return on Form 11 is filed by or with such officer, the statement shall be attached to the Form 11 and transmitted to the district supervisor. The reasonableness of such alleged causes will be determined by the district supervisor on the facts submitted where the taxpayer files the return on Form 11 directly with the collector, the statements shall be submitted to the collector with the Form 11. The reasonableness of other alleged causes will be determined by the collector where the taxpayer was unable to see the representatives of the collector or deputy collector before the expiration of the time within which to file return for the purpose of securing information. (d) In order to make out his return, and through no fault of his own was unable to see the representatives of the Bureau.

11. The reasonableness of other alleged causes will be determined by the collector authority to determine reasonable cause for delinquency in filing a return on Form 11, a statement in explanation thereof shall be filed by the taxpayer. Where the delinquency is discovered by a district supervisor who discovers the cause in delay in filing the return and which clearly negates a willful intent to disobey the taxing statutes, or gross negligence, will be accepted as reasonable. More ignorance of the law will not be considered a reasonable cause.

(c) Where grounds other than those listed in paragraph (a) of this section are alleged as reasonable causes, but it is determined by the district supervisor or the collector, as the case might be, that the cause is not one to be considered as reasonable within the provisions of paragraph (b) of this section the penalty shall be assessed and collected. The decision of the district supervisor or collector shall be final.

2. The purpose of this amendment is to delegate to the district supervisor and to the collector authority to determine reasonable cause for delinquency where the failure to file a special tax return within the calendar month in which the special tax liability commenced, and to assess and collect such penalties where reasonable cause for delinquency are not established.

3. It is found that compliance with the notice, public rule-making procedure and effective date requirements of the Administrative Procedure Act (5 U. S. C., sec. 1001 et seq.) is unnecessary in connection with the issuance of these corrections to this subchapter.

4. This Treasury decision shall be effective immediately upon its publication in the Federal Register.


Approved: February 24, 1950.

JOHN S. GRAHAM,
Acting Secretary of the Treasury.
[5. R. Doc. 50-1695 Filed, Mar. 1, 1950; 8:50 a.m.]

TITLE 32—NATIONAL DEFENSE
Chapter IV—Joint Regulations of the Armed Forces
Subchapter D—Military Renegotiation
Regulations
[Art. 6]

PART 421—AUTHORITY AND ORGANIZATION FOR RENEGOTIATION
PART 422—PROCEDURE FOR RENEGOTIATION
PART 423—DETERMINATION OF RENEGOTIABLE BUSINESS AND COSTS
PART 426—IMPAISE PROCEDURE
PART 427—MILITARY RENEGOTIATION FORMS
PART 428—STYLES, FORMS, AND DIRECTIVES

MISCELLANEOUS AMENDMENTS AND CORRECTIONS

The following amendments and corrections are made to this subchapter:

PART 427—MILITARY RENEGOTIATION FORMS

This part is amended in the following respects:
1. Section 421.102-1 is amended by inserting in parentheses after the words "National Military Establishment" the words "the Department of Defense".
2. Section 421.104-3 is amended to read as follows:
§ 421.164–3 Limitation measured by volume of business. Subsection (b) of the act provides that renegotiation shall not apply to any contractor or subcontractor unless the aggregate of the amounts received or accrued by him during his fiscal year under subject contracts and subcontracts is $100,000 or more (discussed in § 422.347 of this subchapter).

3. Section 421.109-1 is amended by substituting the words "Department of Defense" for the word "National Military Establishment".

This part is amended in the following respects:
1. Section 422.262-2 is amended by substituting the words "Department of Defense" for the word "National Military Establishment".

approved: February 24, 1950.

TOMAS J. LYNCH,
Acting Secretary of the Treasury.
[5. R. Doc. 50-1695 Filed, Mar. 1, 1950; 8:50 a.m.]

TITLe 26—INTERNAL REVENUE
Chapter I—Bureau of Internal Revenue, Department of the Treasury
Subchapter C—Miscellaneous Excise Taxes
[T. D. 5776]

PART 194—WHOLESALE AND RETAIL DEALERS IN LIQUOR

DELEGATION OF AUTHORITY TO DISTRICT SUPERVISOR AND TO COLLECTOR
1. Paragraph (d) of § 194.44 of Regulations 39 (26 C.F.R. Part 194) approved June 6, 1949, is hereby revoked and paragraphs (a), (b), and (c) of the same section are hereby amended, as follows:
§ 194.44 Reasonable causes for delinquency. (a) The penalty set forth in § 194.43 will be asserted and collected in the following respects:
1. Where the return was mailed in time (whether or not the envelope contained a proper blazon). Proper in the seal
2. Where return was filed within the last day of the month in which the special tax liability commenced. If the due date falls on a non-work day, whether or not the envelope contained a proper blazon the return shall be considered as reasonable within the provisions of paragraph (b) of this section the penalty shall be assessed and collected. The decision of the district supervisor or collector shall be final.
3. Where the delay or failure to file return was caused by serious illness of the taxpayer or by serious illness in his immediate family, (2) Where the return was mailed in time (whether or not the envelope contained a proper blazon) the return shall be considered as reasonable within the provisions of paragraph (b) of this section the penalty shall be assessed and collected. The decision of the district supervisor or collector shall be final.
4. Where the taxpayer, prior to the time for filing return, made timely application to the collector's office for extension of time to file return, whether or not the envelopes were furnished him in sufficient time to permit the execution of return to be filed on or before its due date.
5. Where the taxpayer proves that he personally visited the office of the collector or deputy collector before the expiration of the time within which to file return for the purpose of securing information. (d) In order to make out his return, and through no fault of his own was unable to see the representatives of the Bureau.
6. Where the taxpayer was unable to see the representatives of the collector or deputy collector before the expiration of the time within which to file return for the purpose of securing information.
2. Section 422.262-3 is amended by substituting the words "Department of Defense" for the words "National Military Establishment.

(33, 62 Stat. 260)

PART 425—DETERMINATION OF RENEGOTIABLE BUSINESS AND COSTS

This part is amended in the following respects:

1. Section 423.323 is amended to read as follows:

§ 423.323 Segregation and exclusion of exempt contracts. Sales and costs allocable to any contract or portion thereof which is exempt from renegotiation under subsection (a) (1) of the Renegotiation Act of February 25, 1944, as amended, or which is exempted by the Secretary of Defense or his delegatee pursuant to subsection (d) of the Renegotiation Act of 1948, shall be entirely excluded from consideration in determining whether excessive profits have been realized and the amount thereof. (However, see § 423.345 for treatment of losses from the sale or exchange of facilities used in performing renegotiable contracts or subcontractors. Sales under contracts and subcontractors which are individually exempted by the Secretary of a Department under the permissive exemption authority contained in subsection (d) of the act shall be included in applying the $100,000 limitation or the $100,000 "floor." (See §§ 423.347-2 and 423.347-5.)

2. Section 423.360 is amended to read as follows:

§ 423.360 Scope of subpart. The preceding subpart deals with mandatory exemptions and exclusions from the operation of the Renegotiation Act of 1948. The act contains certain provisions authorizing the Secretary of Defense to exempt other contracts and subcontractors from the operation of the act. This subpart will deal with those permissive exemptions. Such exempted contracts are excluded from consideration in determining whether excessive profits have been realized and the amount thereof. Contracts and subcontractors exempted by the Secretary of Defense or by the Policy and Review Board from the provisions of the act by general classes and types are also excluded in applying the $100,000 limitation or "floor" discussed in §§ 423.347 to 423.347-4.

(33, 62 Stat. 260)

PART 426—IMPASSO PROCEEDINGS

This part is amended in the following respects:

Paragraph (a) of § 426.601 Statutory provisions is corrected to read as follows:

(a) Subsection (e) of the act provides as follows:

(e) Agreements or orders determining excessive profits shall be final and conclusive in accordance with their terms and except upon a showing of fraud or misrepresentation or without a material fact shall not be annulled, modified, reopened, or disregarded, except that in the case of orders determining excessive profits the amount of the excessive profits, if any, may be redetermined by the Tax Court of the United States in the manner prescribed in subsection (c) (1) of the Renegotiation Act of February 25, 1944, as amended, except that such redetermination shall be subject to review to the extent and in the manner provided by subchapter B of Chapter 3 of the Internal Revenue Code.

(33, 62 Stat. 260)

PART 427—MILITARY RENEGOTIATION FORMS

This part is amended in the following respects:

1. Section 427.501 is amended to read as follows:

§ 427.501 Letter of preliminary inquiry. The Military Renegotiation Policy and Review Board may send to contractors and subcontractors a letter of preliminary inquiry asking either (a) a statement from the contractor or subcontractor that he is subject to the Renegotiation Act of 1948, or (b) data and information which will enable the Board to determine to which of the three Divisions of the Board the case should be assigned. Enclosed with the letter will be copies of Public Law 547, Eightieth Congress, section 3 of which is the Renegotiation Act of 1948; section 401, Public Law 758, Eightieth Congress; section 622, Public Law 434, Eighty-first Congress; section 203 (1) (i) (1) of the Renegotiation Act of February 25, 1944, as amended; and excerpts from the Military Renegotiation Regulations. The Standard Form of Contractor's Report is prescribed as the form of mandatory statement generally required to be filed by contractors or subcontractors subject to the act.

Filing, in duplicate, of the mandatory statement in satisfactory form on or before the last day of the fifth month following close of the fiscal year is required of contractors and subcontractors subject to the act.

No special form is prescribed for construction contractors, architects and engineers. Contractors should adapt this "Standard Form of Contractor's Report" to the particular needs of the case.

The context of the form (designated as MRR 702, DD166, 1 Feb. 50) is as follows:

MRR 702—Standard Form of Contractor's Report


For your convenience and information there are enclosed copies of Public Law 547—80th Congress, which contains the Renegotiation Act of 1948; Section 403 (1) of the Renegotiation Act of February 25, 1944, as amended; and excerpts from the Military Renegotiation Regulations. Copies of the Military Renegotiation Regulations may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at a price of $2.50.

Very truly yours,

Chief, Assignments Section.

Enclosures.

Chief, Assignments Section.

2. Section 427.702 in amended to read as follows:

§ 427.702 Standard Form of Contractor's Report for Military Renegotiation. In case of each of the military statutory authority contained in subsections (c), (f) and (h) of the Renegotiation Act of 1948 quoted in § 422.262 of the Military Renegotiation Regulations, the Standard Form of Contractor's Report is prescribed as the form of mandatory statement generally required to be filed by contractors or subcontractors subject to the act.

Filing, in duplicate, of the mandatory statement in satisfactory form on or before the last day of the fifth month following close of the fiscal year covered by this report were less than $100,000 (sum of II-A-4 and II-B below) do not use this form; instead, use the Statement of Non-Applicability, MRR Form 703.

Note: If your renegotiable sales during the fiscal year covered by this report were less than $100,000 (sum of II-A-4 and II-B below) do not use this form; instead, use the Statement of Non-Applicability, MRR Form 703.

This form, MRR 702, is to be submitted in duplicate as a single copy of each of the financial statements for the fiscal year covered by this report. For your convenience and information the enclosed copies of Public Law 547—80th Congress, which contains the Renegotiation Act of 1948; Section 403 (1) of the Renegotiation Act of February 25, 1944, as amended; and excerpts from the Military Renegotiation Regulations. Copies of the Military Renegotiation Regulations may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at a price of $2.50.

Very truly yours,

Chief, Assignments Section.

Enclosures.

Chief, Assignments Section.

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Filing, in duplicate, of the mandatory statement in satisfactory form on or before the last day of the fifth month following close of the fiscal year is required of contractors and subcontractors subject to the act.

No special form is prescribed for construction contractors, architects and engineers. Contractors should adapt this "Standard Form of Contractor's Report" to the particular needs of the case.

The context of the form (designated as MRR 702, DD166, 1 Feb. 50) is as follows:

MRR 702—Standard Form of Contractor's Report


For your convenience and information there are enclosed copies of Public Law 547—80th Congress, which contains the Renegotiation Act of 1948; Section 403 (1) of the Renegotiation Act of February 25, 1944, as amended; and excerpts from the Military Renegotiation Regulations. Copies of the Military Renegotiation Regulations may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at a price of $2.50.

Very truly yours,

Chief, Assignments Section.

Enclosures.

Chief, Assignments Section.

2. Section 427.702 in amended to read as follows:

§ 427.702 Standard Form of Contractor's Report for Military Renegotiation. In case of each of the military statutory authority contained in subsections (c), (f) and (h) of the Renegotiation Act of 1948 quoted in § 422.262 of the Military Renegotiation Regulations, the Standard Form of Contractor's Report is prescribed as the form of mandatory statement generally required to be filed by contractors or subcontractors subject to the act.

Filing, in duplicate, of the mandatory statement in satisfactory form on or before the last day of the fifth month following close of the fiscal year covered by this report were less than $100,000 (sum of II-A-4 and II-B below) do not use this form; instead, use the Statement of Non-Applicability, MRR Form 703.

Note: If your renegotiable sales during the fiscal year covered by this report were less than $100,000 (sum of II-A-4 and II-B below) do not use this form; instead, use the Statement of Non-Applicability, MRR Form 703.

This form, MRR 702, is to be submitted in duplicate as a single copy of each of the financial statements for the fiscal year covered by this report. For your convenience and information the enclosed copies of Public Law 547—80th Congress, which contains the Renegotiation Act of 1948; Section 403 (1) of the Renegotiation Act of February 25, 1944, as amended; and excerpts from the Military Renegotiation Regulations. Copies of the Military Renegotiation Regulations may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at a price of $2.50.

Very truly yours,

Chief, Assignments Section.

Enclosures.
We had no affiliated companies at the close of our fiscal year.

**CERTIFICATION**

IX. The undersigned certifies that the representations and supporting data herewith submitted are true and correct to the best of his knowledge and belief, subject to such qualifications as are specifically set forth.

(Exact name of contractor (not abbreviated))

(Mailing address)

By

(Principal officer, partner, (Title))

(Date of certification of this report)

FEDERAL REGISTER

§ 427.702-1 Instructions for preparing the Standard Form of Contractor's Report (MRR 702).

**GENERAL COMMENTS**

An understanding of the Military Renegotiation Regulations issued pursuant to the Renegotiation Act of 1948 is essential to contractors who are required to fill the Standard Form of Contractor's Report. A synopsis of methods for identifying contracts and subcontracts subject to the act is enclosed.

The subscription price for the Military Renegotiation Regulations, including amendments thereto and lists of prime contracts containing the Renegotiation Article, printed on sheets punched for a standard loose leaf binder is $2.50. Subscriptions should be addressed to the Superintendent of Documents, Washington, D.C. The Military Renegotiation Policy and Review Board cannot honor orders for this item.

Filing, in duplicate, of the "Standard Form of Contractor's Report" in satisfactory form on or before the fifteenth day of the month following the close of the contractor's fiscal year is required of all contractors and subcontractors subject to the Renegotiation Act of 1948. This form is to be submitted in duplicate except for schedules called for in Item I, in which case a single copy of each is sufficient.

A contract or subcontract is subject to renegotiation unless it is for an amount in excess of $1,000.

A contractor is subject to renegotiation under the Renegotiation Act of 1948 if "the aggregate of the amounts received or accrued" during the fiscal year

There were [ ] no changes in the form or control of our organization, such as reorganization, acquisition, disposal or dissolution of subsidiaries, etc., during this fiscal year. An explanation of any changes is attached.

A statement, in duplicate, is attached showing names and addresses of our parent, subsidiary, controlled and affiliated companies or organizations, if any, with a brief description of the character of their business and the nature and extent of their affiliation, with a designation as to whether or not they had renegotiable business.

"Sales are referred to in the Renegotiation Act of 1948 as "the aggregate of the amounts received or accrued" during a fiscal year."

II-B. Sales subject to renegotiation: (1) Direct sales: Sales under renegotiable contracts, subcontracts and purchase orders of any tier, purchase orders, etc., except those shown in line II-A-4 below, should be entered on line II-A-2. (2) Indirect sales: Sales under renegotiable subcontracts, purchase orders, etc.

Item II-A-1. Direct sales to the Departments of the Army, the Navy and the Air Force—except those shown in line II-A-4 below, should be entered on line II-A-2.

Item II-A-3. Other income subject to renegotiation: Total sales, etc., subject to renegotiation, should also be included in II-A-2.

II-B. Sales subject to renegotiation: (1) Direct sales: Sales under renegotiable contracts, subcontracts and purchase orders of any tier, purchase orders, etc., except those shown in line II-A-4 below, should be entered on line II-A-2. (2) Indirect sales: Sales under renegotiable subcontracts, purchase orders, etc.

(4) Sales under renegotiable contracts individually exempted by the respective Secretaries of the Departments of the Army, the Navy and the Air Force.

If a contractor desires to be renegotiated on a report completed prior to July 1, 1950, contracts which have been individually exempted by the respective Secretaries of the Departments of the Army, the Navy and the Air Force, pursuant to the provisions of the Renegotiation Act of 1948, sales (less discounts, returns and allowances) under renegotiable subcontracts of any tier, purchase orders, etc., except those shown in line II-A-3 below, should be entered on line II-A-2. Total billings under CPFF contracts should be entered on line II-A-1 (a). Fixed-price sales (less discounts, returns, and allowances) under fixed-price contracts and purchase orders should be entered on line II-A-1 (a). 

(b) Cost-plus-fee sales (less contracts: Total billings (costs, plus fees) on CPFF contracts should be entered on line II-A-1 (b). 

(5) Sales under individual permit: Sales (less discounts, returns and allowances) under renegotiable contracts, subcontracts and purchase orders of any tier, purchase orders, etc., except those shown in line II-A-3 below, should be entered on line II-A-2. Total billings under CPFF contracts should be entered on line II-A-1 (b). Fixed-price sales (less discounts, returns, and allowances) under fixed-price contracts and purchase orders should be entered on line II-A-1 (b).

Item II-B. Sales subject to renegotiation: Total sales, etc., subject to renegotiation, should be included in the sum of Items II-A-1, 2 and 3 on this line.

Item II-C. Sales, etc., not subject to renegotiation: Sales (less discounts, returns and allowances) not subject to renegotiation should be entered on line II-B. If a contractor desires to be renegotiated on a report completed prior to July 1, 1950, contracts which have been individually exempted by the respective Secretaries of the Departments of the Army, the Navy and the Air Force, pursuant to the provisions of the Renegotiation Act of 1948, sales (less discounts, returns and allowances) under renegotiable subcontracts of any tier, purchase orders, etc., except those shown in line II-A-3 below, should be entered on line II-A-2. Total billings under CPFF contracts should be entered on line II-A-1 (b). Fixed-price sales (less discounts, returns, and allowances) under fixed-price contracts and purchase orders should be entered on line II-A-1 (b).

Item II-C. Sales, etc., not subject to renegotiation: Sales (less discounts, returns and allowances) not subject to renegotiation should be entered on line II-B. If a contractor desires to be renegotiated on a report completed prior to July 1, 1950, contracts which have been individually exempted by the respective Secretaries of the Departments of the Army, the Navy and the Air Force, pursuant to the provisions of the Renegotiation Act of 1948, sales (less discounts, returns and allowances) under renegotiable subcontracts of any tier, purchase orders, etc., except those shown in line II-A-3 below, should be entered on line II-A-2. Total billings under CPFF contracts should be entered on line II-A-1 (b). Fixed-price sales (less discounts, returns, and allowances) under fixed-price contracts and purchase orders should be entered on line II-A-1 (b).

Item II-C. Sales, etc., not subject to renegotiation: Sales (less discounts, returns and allowances) not subject to renegotiation should be entered on line II-B. If a contractor desires to be renegotiated on a report completed prior to July 1, 1950, contracts which have been individually exempted by the respective Secretaries of the Departments of the Army, the Navy and the Air Force, pursuant to the provisions of the Renegotiation Act of 1948, sales (less discounts, returns and allowances) under renegotiable subcontracts of any tier, purchase orders, etc., except those shown in line II-A-3 below, should be entered on line II-A-2. Total billings under CPFF contracts should be entered on line II-A-1 (b). Fixed-price sales (less discounts, returns, and allowances) under fixed-price contracts and purchase orders should be entered on line II-A-1 (b).
contracts and subcontracts subject to the Renegotiation Act of 1948 and for segregation of renegotiable and non-renegotiable sales will be helpful in determining what sales are subject and those not subject to renegotiation.

Item II-D. If your total sales, etc., shown on line II-D are not in agreement with sales as shown in your published income statement or in your audit report, submit a reconciliation of such variation.

Item III. Segregation of sales: A clear and specific description of the methods used in the segregation of renegotiable and non-renegotiable sales is one of the most important aspects of this report. It will facilitate the completion of your case if, in your explanation of the methods you used in segregating sales, you state whether you utilized the list of prime contracts containing the renegotiation article published from time to time by the Military Renegotiation Policy and Review Board, and whether you inquired of prime contractors regarding subcontracts and purchase orders not specifically identified as renegotiable; also, that only sales applicable to renegotiable contracts in excess of $1,000 have been included on lines II-A-2 and 3. All things, regardless of amount, during a fiscal year under a renegotiable contract, subcontract, or purchase order, must be included in total sales, etc., subject to renegotiation, line II-A-4. For example, if you made a single contract with a prime contractor for $1,000 and $1,000, under a renegotiable contract for $1,100, your renegotiable sales under this contract in the fiscal year were $2,100 and should be so reported.

The value of this report is based largely on your ability to convey accurately the processes you have used to calculate your renegotiable sales. To aid you in your segregation of sales we have enclosed a synopsis of methods for identifying contracts and subcontracts subject to renegotiation under the Renegotiation Act of 1948.

Items IV through IX. These items are self-explanatory.

4. Section 427.701 is amended to read as follows:

§ 427.701 Letter agreement transmitting interim prepayment of excessive profits prior to close of fiscal year. In interim prepayment of excessive profits are discussed in § 424.450 and 424.452 of this subchapter. The following is a letter agreement transmitting interim prepayment of excessive profits prior to the close of a fiscal year:


We acknowledge receipt of copies of the following: (1) Public Law 474, 79th Congress, which contains the Renegotiation Act of 1948, (2) section 461, Public Law 785, 60th Congress, (2) section 622, Public Law 454, 81st Congress, and (4) section 469 (1) (1) of the Renegotiation Act of February 26, 1944, as amended.

We certify that the aggregate receipts or accruals of the underlined contracts and subcontracts and commissions and other income subject to the Renegotiation Act of 1948 were less than $100,000 for the fiscal year ended ______. We represent that we do not expect to receive or accrue any further amounts subject to renegotiation for the reported fiscal year which will bring the total receipts or accruals to $100,000.

(Exact name of contractor (not abbreviated))

By (Principal officer, partner, (Title) of contractor)

Dated ______

If a corporation, give:

State of Incorporation

Date of Incorporation

Date

GENTLEMEN: There is herewith (or has been) transmitted herewith, payable to the Treasurer of the United States, in the amount of $______, representing profits received or accrued in our fiscal year ending ______ (hereinafter referred to as "such fiscal year") derived from contracts and/or subcontracts subject to the provisions of the Renegotiation Act of 1948.

This prepayment is made on the understanding (1) that such amount shall be deemed to be a payment in elimination of "excessive profits" within the meaning of such term as defined in section 3806 of the Internal Revenue Code; and (2) that such amount will not be included in income in the computation of taxable income for such fiscal year under the Internal Revenue Code and accordingly, no tax credit is allowable against such amount. The undersigned represents that this payment is not made in satisfaction of the obligation of any legally binding obligation heretofore existing.

It is agreed that acceptance of this prepayment does not constitute a commencement of renegotiation pursuant to the Renegotiation Act of 1948, as provided herein, renegotiation may be conducted in all respects as though this prepayment had not been made. It is further agreed that if renegotiation pursuant to the Renegotiation Act of 1948 shall hereafter be concluded with respect to such fiscal year,

(1) the amount of this prepayment will, for the purpose of such renegotiation, be treated as if it were received under the Renegotiation Act of 1948;

(2) upon such basis, excessive profits, if any, will be determined under the Renegotiation Act and the renegotiation shall be governed by the law in force thereunder; and

(3) upon such determination of excessive profits, the prepayment will be applied in elimination of such excessive profits so determined, and, to the extent so applied, this prepayment will be deemed to be "excessive profits determined" within the meaning of the Renegotiation Act.

It is intended that, if any amount of excessive profits so determined is less than the amount of this prepayment, or if for any reason renegotiation pursuant to the Renegotiation Act shall not be concluded with respect to such fiscal year, then the excess of the prepayment, or the full amount thereof, as the case may be, shall constitute a payment in elimination of "excessive profits" as such term is defined in section 3806 of the Internal Revenue Code even though not constituting an elimination of "excessive profits determined" within the meaning of the Renegotiation Act of 1948.

It is further agreed that no part of this prepayment shall be refunded to the undersigned, provided, however, that if this prepayment, or a portion thereof, shall be determined to be "excessive profits determined" within the meaning of the Renegotiation Act of 1948, nothing herein contained shall prejudice any right which the undersigned may have to receive any refund or rebate provided for in the Renegotiation Act with respect to the excessive profits so determined.

If this prepayment is acceptable on the foregoing terms, please so indicate by initialing one of the above (3) copies enclosed and return such copy to us.

Yours very truly,

(Exact name of contractor (not abbreviated))

By (Principal officer, partner, (Title) of contractor)

Date

Attest:

(Secretary)

If a corporation, add (corporate seal).

Accepted:

United States of America,

By Chairman of Renegotiation Division, Armed Services Renegotiation Board.

(See 3, 62 Stat. 260)

PART 428—STATUTES, ORDERS AND DIRECTIVES

This part is amended in the following respects:

Section 428.891 is amended to read as follows:

§ 428.891 Supplemental National Defense Appropriation Act, 1945; section 3 which is the Renegotiation Act of 1948

[Public Law 547, 80th Congress]

[Chapter 533, 2nd Session]

[H. R. 6226]

AN ACT making supplemental appropriations for the national defense for the fiscal year ending June 30, 1948, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of
The following sums are appropriated, out of any money not otherwise appropriated, for the purposes set forth in the Act:

- Disposition of surplus facilities, $5,051,000.
- Obligations incurred under authority granted by appropriation, to be disbursed and accounted for as one fund:
  - Government-owned equipment and installation thereof in public or private plants for the foregoing purposes, $608,100,000.
  - Expansion of public plants, and government-owned equipment and installation thereof in public or private plants for the foregoing purposes, $608,100,000.

The provisions of this Act shall be consolidated with the Appropriation Act, 1948, and for other purposes, namely:

**DEPARTMENT OF THE AIR FORCE**

**Construction of Aircraft and Related Procurement**

For construction, procurement, and modification of aircraft and equipment, spare parts and accessories thereof; electronic and communication equipment, detection and warning systems, and specialized equipment; expansion of public plants, and government-owned equipment and installation thereof in public or private plants for the foregoing purposes, and personal services necessary for purposes of this appropriation at the seat of the Government and elsewhere: $466,100,000, of which $256,000,000 is for liquidation of obligations incurred under authority granted in the Military Appropriation Act, 1948, to enter into contracts for the foregoing purposes; and, in addition, the Secretary of the Air Force is authorized, until June 30, 1948, to enter into contracts for the foregoing purposes in an amount not to exceed $1,687,000:

**DEPARTMENT OF THE NAVY**

**Construction of Aircraft and Related Procurement**

For new construction and procurement of aircraft and equipment, spare parts and accessories thereof, including expansion of public plants or private plants (not to exceed $600,000); acquisition of government-owned equipment and installation thereof in public or private plants, and for the employment of group IV personnel, $588,000,000, of which $356,000,000 is for the disposition of surplus facilities, $5,051,000; and in addition $3,900,000 to be derived by transfer in the amounts asstained from the following appropriations:

- Special field exercises, $2,600,000.
- Training and operation, Army Ground Forces, $600,000.
- Hospital Department, Army, $2,600,000;

**DEPARTMENT OF COMMERCE**

**Aeronautics**

**Constitution of Aircraft and Related Procurement**

For new construction and procurement of aircraft and equipment, spare parts and accessories thereof, including expansion of public plants or private plants (not to exceed $600,000); acquisition of government-owned equipment and installation thereof in public or private plants, and for the employment of group IV personnel, $588,000,000, of which $356,000,000 is for the disposition of surplus facilities, $5,051,000; and in addition $3,900,000 to be derived by transfer in the amounts asstained from the following appropriations:

- Special field exercises, $2,600,000.
- Training and operation, Army Ground Forces, $600,000.
- Hospital Department, Army, $2,600,000;

and audit, the services of the Bureau of Internal Revenue shall, upon request of the Secretary of Defense and with the approval of the Secretary of the Treasury, be made available to the extent determined by the Secretary of the Treasury for the purpose of making examinations or audits under this section.

The provisions of this section shall not apply to any of the contracts or subcontracts specified in subsection (1) of the Renegotiation Act of February 25, 1944, as amended, except that such determination shall be subject to review in the manner provided by subchapter B of chapter 5 of the Internal Revenue Code.

The Secretary of Defense shall promulgate and publish in the Federal Register regulations interpreting and applying this section, and prescribing standards and procedures for determining and eliminating excessive profits hereunder so far as he deems practicable the principles and procedures of the Renegotiation Act of February 25, 1944, as amended, having regard for the different economic conditions existing on or after the effective date of this Act from those prevailing during the period 1942 to 1945. In any case in which the contract price of any such contract or subcontract was based upon estimated costs, then the Secretary of Defense shall determine the difference between such estimated costs and actual costs and shall, in eliminating excessive profits, take into consideration as an element the extent to which such difference is the result of inefficient performance of the contractor or subcontractor.

The powers and duties hereby conferred upon the Secretary of Defense may be delegated by him to any officer (military or civilian) or agency of the National Military Establishment.

Any person who willfully fails or refuses to furnish any information, records, or reports required by him under this section, or who knowingly furnishes any such information, records, or data containing information which is false or misleading in any material respect, shall, upon conviction thereof, be punished by a fine of not more than $10,000 or imprisonment for not more than two years or both.

This section may be cited as the "Renegotiation Act of 1948."
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Procurement within the Coast Guard are by means of formal advertising for bids thereafter awarding a contract to the lowest responsible bidder. The term "supplies" as used herein means all property except land or interests in land. It includes by way of description and without limitation, materials, supplies, equipment, public works, buildings, facilities, ships, floating equipment, vessels of every character and description, aircraft, tools, and parts and accessories for such items, and the alteration or installation of any of the foregoing. The term "services" includes by way of description and without limitation, personal or professional services of individuals or organizations; nonpersonal services; educational or training services; architectural or engineering services; maintenance or repair services; transportation; utility services; experimental, developmental, or research work; and construction work.

§ 116.01-35 Contracting officer at Headquarters. At Coast Guard Headquarters, all procurement activities shall be administered by the Supply Division, Office of Finance and Supply. The Chief of the Procurement Section, Supply Division, shall be the contracting officer. In the absence of the Chief of the Procurement Section, the Chief of the Supply Division shall act as contracting officer.

§ 116.01-40 Contracting officers of field units. (a) Subject to the limitations set forth herein, the Commandant hereby delegates authority to procure supplies and services to the following Coast Guard officers:

District Commanders:

- The Superintendent of the Coast Guard Academy
- The Commandant of the Coast Guard Yard
- Commanding Officers of Coast Guard Supply Depots
- Commanding Officers of Coast Guard Training Stations
- Commanding Officers (not officers in charge of other Field Units)

(b) The officers listed in paragraph (a) of this section may designate an officer assigned to pay and supply duty as contracting officers.

(c) The delegation of authority to act as "contracting officer" is limited strictly to those officers listed in paragraphs (a) and (b) of this section, and no other officers shall exercise such authority without the prior approval of Headquarters.

§ 116.01-45 Authorized representatives of contracting officers. Contracting officers may designate an officer or civilian official to act as their representative, whenever necessary in connection with the performance of contracts executed by them. Such designation may be made by instructions referring to the particular contractual instrument, or classes of instruments, and may to the extent not specifically prohibited by the terms of the contract involved, empower the representative to perform all action thereunder which could lawfully be taken by the contracting officer. In no event, however, shall a representative of the values set forth herein be delegated authority to execute any contract or supplementary agreement. The delegation and designation for such authority shall be contained in a letter signed by the contracting officer and addressed to the contractor, with copies to the officer so designated.

§ 116.01-50 General limitations—(a) Approval of work projects. Headquarters approval of the project or work is required prior to the execution of a contract or the work by a field unit under the following conditions:

1. When the proposed contract involves overhaul of aircraft and/or aircraft engines.
2. Under the conditions prescribed by current Engineering directives.
3. A change in or establishment of an air navigation aid.
4. New construction or Special Fund Projects.
5. Monetary limitations. Contracts executed by field units shall be limited to the amounts set forth herein, and all contracts in excess of such amounts shall be referred to the Commandant (FS-P).
for execution by Headquarters, or for execution by field units in accordance with specific direction of Headquarters:

1. Offices of District Commanders, $10,000 contracts for repairs to vessels, $25,000.
2. Coast Guard Yard, $10,000.
3. Coast Guard Supply Depots, $10,000.
4. Aircraft Repair and Supply Base, $10,000.
5. Coast Guard Academy, $2,000.
6. Training Stations, $2,000.
7. Receiving Center, Cape May, N.J., $2,000.
8. All other Field Units, $1,000.

(Contract requirements. Contracting officers attached to field units are authorized to execute contracts and effect purchase of supplies and services required for their units subject to the limitations set forth above, and subject to the following requirements:

1. Availability of allotted funds.
2. When the items are not readily available from Coast Guard, Navy or other Government sources of supply.
3. When the items are not prohibited for the use intended.
4. When the items are not in excess of authorized allowances.

§ 116.01-55 Reference to Headquarters. All questions relative to contract procedures and requests to depart from standard contract provisions shall be referred to the Commandant (FS-P).

§ 116.01-60 Commercial procurement by vessels and stations. Commercial procurement of supplies and services by vessels and stations shall be confined to the following:

(a) Procurement under existing contracts.
(b) When time will not permit the referral of the purchase requirement to a District Office or a Supply Depot.

§ 116.01-65 Government sources of supply. (a) It is the policy of the Coast Guard to procure supplies and services from the following sources whenever available:

1. Within the command.
2. Coast Guard Supply Depots, and Supply activities.
4. Navy Department.
5. Other Government Agency Supply Units.
6. Existing Coast Guard contracts.
8. Other Government Agency contracts.

(b) When the required items are available from such sources, procurement is mandatory from such source unless some interest of the Government is served by commercial procurement.

§ 116.01-70 Defaulting contractors. When a contractor fails, or if it becomes apparent that he will fail, to perform the terms and conditions of a contract, a complete report of all circumstances, including the contract number and the recommendations of the contracting officer, shall be forwarded to the Commandant (FS-P) for determination of the action to be taken. If Headquarters determines that the contract should be terminated for default, any supplies or services still required after such termination may be purchased against the contractor's account, in the open market or otherwise.

§ 116.01-75 Conduct of procurement personnel. In accordance with certain restrictions imposed on Government officers and agents by applicable sections of the Criminal Code (especially 18 U.S. Code 2333, 18 U.S. Code 2334, 18 U.S. Code 2311, 18 U.S. Code 1889), and in accordance with the general policy against conflicting private interests of Government officers and employees, every person charged with the administration and expenditure of Government funds must refrain from such conduct as would interfere with the full, proper, and impartial discharge of his official duties, or as would give rise to a reasonable suspicion that his conduct was motivated by self interest rather than by the best interests of the Government.

§ 116.01-80 Mandatory sources of supply.-(a) General. Certain supplies and services must be obtained from the sources designated in this article. A "Federal Supply Schedule Index (including Index to the Stock Catalog and Other Government Sources of Supply") shall be maintained in each district office, independent unit, and other units to which a supply officer is regularly assigned. Copies will be obtained in the manner prescribed in subparagraphs (1) (i) and (ii) of this paragraph.

1. Bureau of Federal Supply contracts. (i) Pursuant to 41 U.S.C. 7a, the supplies and services listed and below, when not available from Government sources, shall be procured only under Bureau of Federal Supply contracts, except when required for immediate use and the time of delivery specified in the contract will not meet the actual necessity of the service. In such cases, procurement from other sources may be made of such quantity as may be immediately required. A statement of the necessity for such action will be made on the purchase requisition. The supplies and services not included in Bureau of Federal Supply Schedule Schedules (all mandatory classes and services still required after such termination may be purchased against the contractor's account, in the open market or otherwise.

Class Item
4 Caps, blasting; dynamite; plugs, blasting; powder, blasting; primer and booster charges.
7.14 Gasoline, fuel oil and kerosene when included in Federal Supply Schedules and bulletins; provided they are not included in Navy contracts.
17 Lamps, electric and photographic flash.
16 Office furniture, steel and wood, including chairs, lockers, filing sections, desks, tables, etc.
27 Books.
140 Machines, floor polishing and scrubbing, electrical type, electric, with accessories.
140 Machine tools, small machinery and accessories.


(ii) Necessary files of current Federal Supply Schedules and other classes as selected by the unit concerned shall be maintained at each district office, independent unit, and other units to which a supply officer is regularly assigned. Referrals for schedules and price lists shall be submitted on Bureau of Federal Supply Forms T. P. 368 and T. P. 348A by district offices and independent units direct to the Editorial Section, Bureau of Federal Supply, Treasury Department, Seventh and D Streets S.W., Washington 25, D. C. with a copy to the Commandant (FS-P). The required forms may be obtained direct from the Bureau of Federal Supply or its regional warehouses.

(iii) Subordinate units of a district shall request schedules and price lists from the district office.

(2) Bureau of Federal Supply warehouses. (i) Certain supplies when not available from Coast Guard or Navy sources shall be procured from Bureau of Federal Supply regional warehouses. Warehouses are located at Washington, D. C., Boston, Mass., New York, N. Y., Cleveland, Ohio, Chicago, Ill., Atlanta, Ga., Fort Worth, Tex., Kansas City, Mo., Denver, Colo., San Francisco, Calif., and Seattle, Wash.

(ii) Supplies carried in stock shall be submitted to the Bureau of Federal Supply Stock Catalog. Copy of this publication shall be maintained at each district office, independent unit, and other units to which a supply officer is regularly assigned. Copies will be obtained in the manner prescribed in subparagraphs (i) and (ii).

(iii) Requisitions shall be submitted to the nearest warehouse on original and one copy of Form CG-2557, containing the following information:

Shipping address.
Method of delivery, i.e., commercial shipment, "pick-up," "deliver to bearer," etc.
Address of office to be billed.
Appropriation, subhead and limitation to be charged with cost of transportation.

(See Chapter I, Accounting Manual)

(iv) All requisitions prepared by units of a district should be routed through the district office to permit review and utilization of Coast Guard facilities in effecting delivery.

(3) Federal Prison Industries, Inc. (1) Under the provisions of Public Law 271 (46 Stat. 392) (18 U.S.C. 744g), certain supplies and services must be procured from the Federal Prison Industries, Inc., or a clearance obtained, before they can be procured from commercial sources. The General Accounting Office will disallow all payments unless clearance has been granted in advance of purchase from commercial suppliers.

Method of delivery, i.e., commercial shipment, "pick-up," "deliver to bearer," etc.
Address of office to be billed.
Appropriation, subhead and limitation to be charged with cost of transportation.

(See Chapter I, Accounting Manual)
sources. A wide range of items fall within the class listings below which are furnished as a guide only. Specific items, descriptions, and prices are listed in the publication "Schedule of Products Made in Federal Penitentiary and Correctional Institutions," copies of which may be obtained by letter request to the Commandant (PS-P). Copies of the schedules shall be maintained at each district office, independent unit, and other units to which a supply officer is regularly assigned.

Class  Item
9  Boats; wooden, less than 70 feet long, for delivery west of the Mississippi River.
38  Brooms; corn.
38, 39  Brushes; various types.
40  Brushes, polishing and scrubbing machines.
21  Cargo nets.
All classes castings; gray iron, various types.
24  Canvas goods; various articles.
Cotton textiles: 24  Cotton; canvas.
24  Duck; cotton.
27  Drills.
27  Ticking; mattress and pillow.
Dry cleaning service (dry cleaning service required by units within 100 miles of the U. S. Penitentiary, Alcatraz, Calif.).
26  Fiber; various articles.
25, 54, 57, 63  Furniture and specialties; metal, various articles.
37  Gloves and mittens; various types.
41  Hausters; striking tool.
68  Laboratory animals.
Laundry services.
26  Mattress; cotton felt.
25  Paper weights; gray iron, leather covered.
Printing (see article 1041, Pay and Supply Instructions).
37, 72  Shoes; various types.
26  Steel storage shelving; all types.

(ii) Requests for clearances shall be forwarded to the Commandant (PS-P) together with a detailed statement as to the necessity for procurement from commercial sources.

(iii) Clearance C-27658 authorizes purchase from commercial sources when (a) immediate delivery or performance is required by public exigency which will not admit of delay in procurement, and (b) suitable second-hand property can be procured. Purchases covered by this clearance will make reference to the applicable clearance on the pertinent public voucher.

(iv) When procurement has been made in accordance with the authority of a clearance, the original or a copy of the applicable specific clearance will accompany the public voucher to which it pertains. When more than one public voucher is issued for items covered by one clearance, subsequent public vouchers will refer only to the clearance under which the purchase was filed.

(b) Under such instructions as may be prescribed by the Committee on Purchases of Blind-made Products dated March 27, 1942, effective on that date and continuing until rescinded, grants authority to make purchases of supplies listed in the Schedule of Blind-made Products from commercial sources when military necessity requires delivery within a period of 2 weeks, or when the cost of the item or items is not in excess of $25. (v) When an item is obtained from commercial sources under authority of a clearance, the reference to the applicable clearance shall be made on the payment voucher.

(c) Under the requirements of Public Law 739 (52 Stat. 1196, 41 U. S. C. 49), the supplies listed below shall be procured through the Committee on Purchase of Blind-made Products when not available from Government sources:

Class  Item
53  Bags, mailing, cotton.
38  Corn.
38  Fiber.
38  Wood.
38  Brushes, whisk.
Covers:
27  Ironing board.
27  Bed pan.
27  Tea cup.
38  House; mop; spring lever type.
Mats:
27  Cocoa fiber.
27  Rubber link.
27  Rubberized fabric.
27  Rubber tire strip.
Mattresses:
27  Cotton (tacked).
27  Inner spring.
Mops; Cotton:
38  Cuspidor.
38  Floor, oil treated.
38  Floor, wet mopping.
38  Wall mounted cleaning machines.
27  Pad; ironing board.
27  Panels, cotton, screen.
27  Pillow cases, cotton.
27  Rugs; cotton.
Swabs:
38  Deck.
38  Hand.
38  Towels.
27  Hutz.
27  Dental.
27  Barbers.

(ii) Purchase orders shall be placed under the provisions of the "Regulations prescribed by the Committee on Purchases of Blind-made Products," as contained in the publication "Schedule of Blind-made Products." Copies of this publication shall be maintained at each district office, independent unit, and other units to which a supply officer is regularly assigned. Copies will be obtained in the manner prescribed in subparagraphs (1), (2), and (3) of this section.

(iii) Detailed descriptions and prices of the articles listed are shown in the publication "Schedule of Blind-made Products." (b) The Committee on Purchases of Blind-made Products dated March 27, 1942, effective on that date and continuing until rescinded, grants authority to make purchases of supplies listed in the Schedule of Blind-made Products from commercial sources when military necessity requires delivery within a period of 2 weeks, or when the cost of the item or items is not in excess of $25.

(1) When an item is obtained from commercial sources under authority of a clearance, the reference to the applicable clearance shall be made on the payment voucher.

(2) When an item is obtained from commercial sources under authority of a clearance, the reference to the applicable clearance shall be made on the payment voucher.

(3) A separate purchase order shall be issued for each purchase under a term contract, except in those cases where day to day deliveries are required.

(4) Purchase orders covering repairs to vessels under term contracts shall clearly specify the work to be performed and the applicable contract prices that will be paid. The date for the commencement and completion of the work shall be stated in the purchase order.

(5) Post Office Department. Envelopes shall be purchased only under contracts executed by the Post Office Department. A publication "Award of Contracts for Envelopes" is issued periodically and lists all available types of envelopes, as well as necessary contract information. Copies of this contract bulletin are available through Headquarters.

Orders placed for envelopes shall be forwarded directly to the contractor and need not be forwarded via Headquarters.

(6) The foregoing restrictions apply only to commercial purchases and do not prevent procurement from Government sources of supply.

(7) Surplus property. The Surplus Property Act of 1944 (Public Law 457, 78th Cong.), as amended, places the responsibility upon all Government agencies for the order to commercial purchases through commercial sources when suitable items are available from surplus property, to consult continuously the records of surplus property maintained by the authorized disposal agencies, and to determine whether their requirements can be satisfied out of such surpluses.

Subpart 116.03—Methods of Purchase

§ 116.03-1 General. (a) Three methods of commercial purchase by Coast Guard units are authorized:

(1) Purchases made under existing contracts.

(2) Purchases made by advertising.

(3) Purchases made by negotiation.

(b) Under such instructions as may be prescribed by District Commanders or commanding officers of independent units, a purchase order is, in fact, a request for delivery. In this case the purchase order cites reference to the existing contract and no additional conditions can be imposed.

(2) When the order is placed as the result of a negotiated purchase and the purchase order is, in fact, the contractual agreement. In this case the conditions under which the purchase is made and delivery will be accepted shall be incorporated in the order.

(b) A purchase order shall be used to cover every purchase, including confirmation of orders placed by telephone or telegraph and requests for delivery under term or specific contracts.

(2) After the purchase order shall be issued for each purchase under a term contract, except in cases where day to day deliveries are required.

(4) Purchase orders covering repairs to vessels under term contracts shall clearly specify the work to be performed and the applicable contract prices that will be paid. The date for the commencement and completion of the work shall be stated in the purchase order.
§116.03-15 Preparation of purchase orders (Form CG-2557). (a) Purchase orders shall be prepared in a sufficient number of copies to serve the administrative requirements of the purchasing unit. (b) All applicable data required by the format of the purchase order blank shall be inserted.

(1) The original purchase order, autographically signed by the ordering officer, shall be forwarded or delivered to the supplier.

(2) The block in the lower left-hand corner of the purchase order may be utilized for the following purposes:

(a) On the original; Acknowledgment of order; by the supplier, using wording similar to the following: Acceptance receipt and acceptance of this order by signing and returning the "Contractor's Acceptance Copy" to the ordering office.

(b) Contractor's acceptance copy. When seller's acceptance of the purchase order is required, the contractor shall be furnished with an extra copy of the order and shall be requested to indicate acceptance by means of the following wording placed on that copy:

Acceptance of this order, subject to the conditions as stated, is hereby acknowledged.

(c) Additional numbers or symbols may be suffixed at the discretion of the ordering office for internal administrative control.

§116.03-25 Purchase orders covering replacement of equipment exchanged or sold. (a) Purchase orders covering replacement equipment for which exchange allowance of old equipment has been authorized and agreed upon shall list the replacement item at gross contract or purchase price, and indicate appropriate code symbols by identification of type, make, size, serial number, etc., and exchange allowance of old equipment. The net amount will be shown on the purchase order after deduction of exchange allowance from contract or purchase price, after which allowed discount shall be applied to reflect net cost of replacement equipment.

(b) Purchase orders covering replacement of equipment which has been sold in accordance with subpart 116.09 will be prepared in the usual manner to show contract or purchase price of replacement equipment, which are to be applied against purchase price of replacement equipment.

§116.03-30 Coding of purchase orders, contracts, and vouchers. (a) Under the provisions of the act, as implemented by instructions issued by the President, it is required to assemble information pertaining to all procurement from small business concerns, and (2) procurement under each of the several circumstances authorizing negotiation. In order to obtain the information at Headquarters, appropriate code symbols have been prescribed as listed below for use on all purchase orders, contracts, contract bullets, and public vouchers pertaining to procurement:

<table>
<thead>
<tr>
<th>Code</th>
<th>Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Sources of procurement:</td>
</tr>
<tr>
<td>(i)</td>
<td>Purchases made under Coast Guard contracts or purchase agreements from concerns employing less than 500 persons... SEC 1</td>
</tr>
<tr>
<td>(ii)</td>
<td>Purchases made under Coast Guard contracts or purchase agreements from concerns employing 500 or more persons... SEC 2</td>
</tr>
<tr>
<td>(iii)</td>
<td>Purchases made under contracts of other Government agencies (including Navy and Bureau of Federal Supply contracts)... SEC 3</td>
</tr>
</tbody>
</table>

(b) Every contract or purchase order issued to a commercial supplier shall bear the applicable code symbols (1) as to Sources of Procurement and (2) Circumstances Governing Procurement, as listed above, in order that the information will be available at the time the public voucher is prepared. The code symbols shall be inserted near the upper right hand corner of the purchase document. When contract bulletins are issued by contracting offices, the applicable code symbols pertaining to each contract shall be shown for the information of all ordering offices.

(c) In the preparation of public vouchers (Standard Form 1034) relating to commercial procurement, the code symbols shall be inserted at the lower edge of space (14) on the voucher. The code symbols shall also be inserted in the same relative space on Advertising Vouchers (Standard Form 1144).
FEDERAL REGISTER

Thursday, March 2, 1950

SUPPLEMENT 116.05—PROCUREMENT BY ADVERTISING

GENERAL

§ 116.05-1 Advertising. The term "advertising" as used in this subpart means that method of procurement which follows the formal procedures prescribed herein with respect to competitive bids and awards, which involves the use of standard forms for invitations for bids, instructions to bidders, and requires submission of sealed bids and the holding of public opening of bids.

§ 116.05-2 Use of advertising. In accordance with the basic policies set forth in the act, procurement of supplies and services shall generally be effected by advertising. Bids shall be solicited from such sources as are deemed necessary by the contracting officer to assure full and free competition consistent with the procurement of the required supplies or services.

§ 116.05-3 General requirements for advertising. No contract shall be entered into as a result of advertising unless and until all of the following requirements have been satisfied:

(a) Bids have been solicited as prescribed herein;
(b) Bids have been submitted in accordance with the requirements herein;
(c) Award has been made to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government, price and other factors considered.

§ 116.05-4 Method of advertising. Advertising is to be interpreted as giving all interested parties an opportunity to submit a bid for the required supplies or services, so as to secure for the Government the benefits of competition, and to prevent opportunities for collusion or fraud. Advertising is generally accomplished by sending notices of the requirement (Invitations for Bids) to firms in a position to bid on such requirements and possessing capabilities adequately to meet the requirements of the contract. Invitations should be posted and distributed through the news media of general circulation so as to assure free competition consistent with the provisions of the act.

§ 116.05-5 Headquarters' authority to purchase does not waive advertising. An authorization by Headquarters for a unit to incur a recommended expense or to undertake a specified project, does not waive the requirement to obtain competition.

§ 116.05-6 Unnecessary solicitation of bids discouraged. Contracting officers should avoid sending out solicitations for bids or requests for quotations when not reasonably certain that an award will be made.

§ 116.05-7 Sufficient time to be allowed for submission of bids. Invitations for bids shall provide sufficient time for interested bidders to prepare and submit their bids. Under normal circumstances an interval of 10 days should be provided for such submission.

§ 116.05-8 Bids to be restricted to manufacturers and regular dealers. Only individuals or companies that can show that they are manufacturers of or regular dealers in the article which they offer to supply may be permitted to bid. A regular dealer is considered to mean one who is regularly engaged in the business of buying and selling the required item to the public and not merely to a Government department. A dealer who keeps on hand an adequate stock of the material bid on or controls a dependable source of supply of that material is considered a regular dealer. However, a dealer may be considered a regular dealer in one commodity and yet not a regular dealer for other items; e.g., a dealer in dairy products is not necessarily a regular dealer in fuels.

§ 116.05-9 Bids to be solicited from at least three dealers. Bids shall be solicited from at least three responsible dealers when practicable to do so. A copy of the invitation, describing in detail the articles to be purchased, shall be posted in a public place inviting a general participation in the competition.

§ 116.05-10 Advertising not limited to solicitation from three dealers. The mere solicitation of bids from three or more dealers necessarily mean that the intent of the Act has been complied with, as it is possible for competition to be defeated if the grouping of diverse items on the same invitation is such that a limited number of bids are received for each item.

§ 116.05-11 Invitation sent to one dealer not sufficient advertising. An invitation sent to one dealer and notice posted in one public place does not constitute sufficient advertising for supplies or services in the absence of facts showing conditions which limited the distribution.

§ 116.05-12 Solicitation not restricted to immediate locality. The solicitation of bids is not restricted to the immediate locality. If, after considering time and cost of transportation, a more advantageous price may be obtained elsewhere, invitations should be distributed accordingly. Invitations should be posted and circulated not only at the place of solicitation, but also at the site of the proposed work.

§ 116.05-13 Competition not waived in case of patented articles. The fact that an article is patented, copyrighted, or exclusively made or distributed by a limited number of dealers is not an acceptable reason for omitting advertising. The absence of competition must be conclusively established by soliciting bids.

§ 116.05-14 Lack of competition must be established. The fact that there is no competition shall, if practicable, be established conclusively by the actual solicitation of bids and the posting of notice in public places and not based on an assumption.

§ 116.05-15 Competition not to be dispensed with to match equipment. A desire to match equipment on hand does not warrant competition, inasmuch as numerous firms may be in a position to furnish the required item or a satisfactory substitute.

§ 116.05-16 Paid advertisements require Headquarters' approval. No paid advertisement for an invitation for bids shall be inserted in a newspaper or periodical without the prior approval of Headquarters. This prohibition does not, however, prevent the release of notices of solicitations for bids, opens, or contract awards, or the insertion of advertisements as news items which may be published without expense to the Government.

§ 116.05-17 Readvertisements to be avoided. Readvertisements, or a supplementary opening of bids shall be based on the view of the fact that bids and prices of the original opening have been disclosed to interested competing parties.

FORMS TO BE USED IN SOLICITING BIDS

§ 116.05-20 Short form contracts. When bids are solicited for supplies or services for amounts of less than 5,000 and not requiring bonds, or for minor construction and repair work of less than 2,000, without bonds, Standard Form 33 (Invitation, Bid and Acceptance) will be used.

§ 116.05-21 Formal supply contracts. When bids are solicited for supplies or services for amounts of 5,000 or more, or requiring bonds, Standard Form 30 (Invitation for Bids—Supply Contracts) will be used.

§ 116.05-22 Formal construction and repair contracts. When bids are solicited for construction and repairs to vessels, shore structures, aircraft, and aids to navigation for amounts of 3,000 or more, or requiring bonds, Standard Form 26 (Invitation for Bids—Construction) will be used.

§ 116.05-23 Telephone service. See Chapter XV, Pay and Supply Instructions.

§ 116.05-24 Lease of real property. Bids for the acquisition of land, buildings, etc., will be solicited in a manner substantially as follows:

CG-2557—A Conditions Applicable to Contracts for Construction.
CG-2557—B Conditions Applicable to Contracts for Repairs to Vessels.
CG-2557—C Conditions Applicable to Contracts for Construction and/or Repairs to Shore Structures.

(c) When the conditions are made a part of the invitation by accompanying papers, they shall be referred to in a substantially as follows:

(1) Subject to the conditions of Form CG-2557—A, attached hereto and forming part of this invitation.
(2) Subject to the conditions of Articles of CG-2557—C, attached hereto and forming part of this invitation.

§ 116.05-25 Instructions to bidders. A copy of the standard Government instructions to bidders shall be furnished.
the bidder upon request. The following forms are available:

Standard Form No. 22 Instructions to Bidders (Construction and Supplies).
Standard Form No. 42 Instructions to Bidders (Coal).

§ 116.05-27 Bid forms. The standard invitation for bid forms prescribed by these instructions fix the form in which bids will be received. The prescribed bid form may be forwarded with the invitation or furnished upon request of the bidder.

§ 116.05-28 Contract forms. The standard bid forms prescribed by these instructions indicate the contract forms which the successful bidder will be required to execute. Contract conditions may be incorporated in the invitation for bids in a manner substantially as follows:

Subject to the conditions of Standard Form 21, a copy of which the successful bidder will be required to execute. Copy will be furnished for information upon request.

PREPARATION OF INVITATION FOR BIDS

§ 116.05-30 Preparation of invitation for bids. (a) Care shall be exercised in the preparation of invitations for bids and contracts so as to incorporate all of the requirements into the invitation or related papers in such manner as to permit an intelligent submission of bids by interested parties. All pertinent information shall be clearly stated, including specifications, delivery requirements (packing, marking, points of delivery, time of delivery, etc.), quantities, units of measurement, delivery requirements (packing, etc.), quantities, units of measurement, and all other elements which may be reflected in the cost of the item. However, care must be exercised not to include citation to any law which is not applicable as such citation may tend to result in higher bids.

(b) Invitations for bids which will involve construction contracts executed on Standard Form 21 shall be accompanied by a copy of such form with all applicable conditions, and shall contain a statement as follows:

The successful bidder will be required to execute a formal contract on Standard Form 21, a copy of which is enclosed herewith for information.

In such cases two copies of the invitation for bid and two copies of the proposed contract, complete with plans and specifications, shall be forwarded to the Commandant (F3-P) at the time of submission of the invitation for bid.

(5) The retained official file copy of each invitation for bid shall be authenticated by the soliciting officer and shall be inserted in the solicitor's file and marked as follows:

The invitation shall be retained for at least one month after the opening of bids.

§ 116.05-31 Premises information forbidden. No information relating to competitive projects which might affect competition shall be disclosed to anyone until the bids are publicly opened.

§ 116.05-32 Aids to be preserved and recorded. A copy of each bid received shall be preserved and recorded in the permanent files of the contracting office.

§ 116.05-33 Failure of bidder to sign bid papers. When a bidder fails to sign his bid and the bid is accompanied by a letter proposal properly signed, his bid is entitled to the same consideration as a properly signed bid.

§ 116.05-34 Withdrawal of bids prior to opening. Bids may be withdrawn at any time prior to the opening of the bids.

§ 116.05-35 What constitutes a bid. The submission of a bid on Standard Forms 21, 31, or 33, or a letter embodying the specifications and conditions, signed by the bidder, constitutes a bid in connection with procurement by advertisements.

§ 116.05-36 Public opening of bids mandatory. (a) Whenever bids have been solicited, the parties responding to such solicitations shall be duly notified of the time and place of opening of the bids, and be permitted to be present either in person or by attorney, and a record of each bid shall then and there be made.

(b) All bids must be opened in public, by or in the presence of an officer or civilian administrative assistant designated by the contracting officer.

§ 116.05-37 Bids to be opened at the appointed time. Bids shall not be opened in advance of the time in which they shall be stated on the invitation for bids.

§ 116.05-38 Premises information forbidden. No information relating to competitive projects which might affect competition shall be disclosed to anyone until the bids are publicly opened.

§ 116.05-39 Aids to be preserved and recorded. A copy of each bid received shall be preserved and recorded and retained in the permanent files of the contracting office.

§ 116.05-40 Late bids presented by hand. A bid presented by hand after the hour fixed for the opening shall be opened after the bids are publicly opened. A bid received in the mail after the hour fixed for the opening shall not be opened, but shall be returned to the bidder with a letter stating the time and place of mailing as shown by the postmark. When necessary to open the envelope to ascertain the name and address of the bidder, and to obtain any other identifying information, the circumstances of the opening shall be stated in the letter to the bidder.

§ 116.05-41 Late bids presented by hand. A bid presented by hand after the hour fixed for the opening shall be opened after the bids are publicly opened. A bid received in the mail after the hour fixed for the opening shall not be opened, but shall be returned to the bidder with a letter stating the time and place of mailing as shown by the postmark. When necessary to open the envelope to ascertain the name and address of the bidder, and to obtain any other identifying information, the circumstances of the opening shall be stated in the letter to the bidder.

§ 116.05-42 Late bids presented by hand. A bid presented by hand after the hour fixed for the opening shall be opened after the bids are publicly opened. A bid received in the mail after the hour fixed for the opening shall not be opened, but shall be returned to the bidder with a letter stating the time and place of mailing as shown by the postmark. When necessary to open the envelope to ascertain the name and address of the bidder, and to obtain any other identifying information, the circumstances of the opening shall be stated in the letter to the bidder.

§ 116.05-43 Late bids presented by hand. A bid presented by hand after the hour fixed for the opening shall be opened after the bids are publicly opened. A bid received in the mail after the hour fixed for the opening shall not be opened, but shall be returned to the bidder with a letter stating the time and place of mailing as shown by the postmark. When necessary to open the envelope to ascertain the name and address of the bidder, and to obtain any other identifying information, the circumstances of the opening shall be stated in the letter to the bidder.

§ 116.05-44 Late bids presented by hand. A bid presented by hand after the hour fixed for the opening shall be opened after the bids are publicly opened. A bid received in the mail after the hour fixed for the opening shall not be opened, but shall be returned to the bidder with a letter stating the time and place of mailing as shown by the postmark. When necessary to open the envelope to ascertain the name and address of the bidder, and to obtain any other identifying information, the circumstances of the opening shall be stated in the letter to the bidder.
the procedure must harmonize as nearly as possible with the regular purchase procedure.

§ 116.05-47 Telegraphic bids. When bids are requested by purchasing officers to be made to the lowest satisfactory bidder, the names of bidders for such bids will be sent to the purchasing officer for the premise opening of a bid not properly addressed and identified.

§ 116.05-48 Bid improperly identified. No responsibility will be accepted by an officer for the premise opening of a bid not properly addressed and identified.

§ 116.05-49 Recording of bids. (a) The names of the bidders and the prices bid shall be recorded in a permanent record of the purchase transaction. When the items are too numerous to warrant recording of bids completely as in the case of periodic provisional contracts, an entry shall be made of the opening date and a general description of the material, and the total number of bids received.

(b) The permanent record and the bids will be available for public inspection.

(c) The original bids shall not be allowed to pass out of the hands of an official of the Government, except when the duplicate cannot be made available for public inspection and then only under the immediate supervision of an official of the Government under conditions which preclude the possibility of a substitute, addition, deletion, or alteration in the bid.

(d) When bids are received they will be placed under lock and key where they will remain until advertised time of opening, when they will be removed and opened concurrently and publicly under the supervision of an officer or civilian administrative assistant. All bids will be read aloud in the presence of bidders, press representatives, and representatives of bonding companies, and immediately recorded. After bids have been made, full copies may be examined by all interested parties.

ACCETEACE OF BIDS

§ 116.05-55 Award to the lowest bidder. The lowest eligible bidder offering to furnish the required supplies or services in accordance with the requirements is entitled to the award, in the absence of specific laws and regulations to the contrary.

§ 116.05-56 Where time is a controlling element. Where time is a controlling element, the bid must clearly show the time required for performance, and must include a liquidated damages clause for the protection of the Government. In such cases, all bids offering delivery within the required time limit shall be considered for award, and award shall be made to the lowest satisfactory bidder within the group of bidders complying with the time requirements.

§ 116.05-57 Liquidated damages: computation of time. Where a contract provisions for liquidated damages for delay at a specific rate for each and every day or per calendar day, such damages shall be computed on the basis of calendar days rather than working days.

§ 116.05-58 The bids. The bids, all other factors being equal, will be decided by public drawing of the names of the eligible bidders. This drawing may be witnessed by interested parties at time of drawing. When so requested by a bidder, drawings will be made at a set time after due notice to all interested parties.

§ 116.05-59 Unit prices govern. In case of error in the extension of prices quoted on a bid, the price shall govern unless the quoted unit price is so obviously in error as to be immediately apparent to both parties involved.

§ 116.05-60 Interest charges in bids. No bids shall be accepted on which a bidder insists that a provision for interest charges on overdue accounts from due date to date of payment be in and made a part of the contract. Such a bid may be withdrawn by the bidder, specifying his stipulation for interest, even after the opening of bids. In the absence of specific authority, no contracting officer can obligate the Government to pay interest on invoices not paid within a specified time.

§ 116.05-61 Inexperience of bidder. Inexperience alone of the lowest bidder does not justify the acceptance of a higher bid.

§ 116.05-62 Alleged incompetency of bidder. If incompetency of a bidder must be clearly shown before his bid can be rejected and a higher bid accepted. The question of competency should be carefully considered before inviting a firm to bid.

§ 116.05-63 Unknown trade name or makes. Acceptance of other than the lowest bid is not authorized when the lowest bidder is rejected simply because the maker of the instrument or article named is unknown. If there is a possibility of its becoming unserviceable. Acceptance of other than the lowest bid for the reason of previous use of a patented article is not authorized. Purchase of a particular item without advertising supplies of the kind is accepted, the contract is binding.

§ 116.05-64 Splitting of award. The splitting of an award between the lowest and a higher bidder for the alleged purpose of encouraging continued competition is not authorized. The lowest satisfactory bidder is entitled to award.

§ 116.05-65 Absence of competition. Absence of competition is a good reason for rejecting all bids and asking for new ones.

§ 116.05-66 Only one bid received. When an effort has been made to obtain competition and only one bid is received and, in the judgment of the contracting officer, it is considered reasonable, it may be accepted.

§ 116.05-67 Acceptance of one bid is rejection of all others. The acceptance of one bid is a rejection of all other bids for the same item, and one of the bids so rejected cannot be accepted at a later date. All bidders should be advised of the decision taken on their bids, by notice of acceptance in the case of the bidder to whom award is made, and by notice of rejection to bidders whose bids were not accepted.

§ 116.05-68 Fraudulent bids. The United States may reject a bid in case of fraud, as when the lowest bidder is in collusion with other bidders or with the representatives of the United States to impose a high price upon the Government. In such cases, all bids involved in the fraud shall be rejected and the case immediately referred to Headquarters.

§ 116.05-69 Rubber stamp signature acceptable. Rubber stamp signatures on a bid are acceptable provided the responsible officer is satisfied that it was placed on the bid by authority of the bidder.

§ 116.05-70 Alternative bids. Alternative bids will not be considered unless called for in the invitation.

§ 116.05-71 Bids offering modified specifications. If only the essential requirements are specified for bids, all bids however modified or qualified should be considered although no bid can be accepted for material lacking in any of the essentials. Bidders should not ordinarily be considered for any other quantity or description of supplies than specified but the right is reserved to accept any modification made by a bidder in such conditions that the bid is acceptable. A bid modified in such an extent that its acceptance would be unfair to competing bidders will not be accepted.

§ 116.05-72 Descriptive matter and samples. Specifications, plans, illustrations, samples, or other descriptive material, when required by the Government to be furnished by the bidder must accompany the bid. In connection with the furnishing of samples, the Comptroller General has held that failure of a bidder to submit samples as required bars consideration of his bid.

§ 116.05-73 Bidder's option. A bidder may specify a maximum quantity which will be furnished at the price quoted, and likewise a time limit for acceptance or delivery. If a proposal containing conditions of this kind is accepted, the contract is binding.

§ 116.05-74 Corrections to be explained. Corrections, erasures, or other changes in a bid must be explained or noted over the signature of the bidder.

§ 116.05-75 More than one bid submitted by the same bidder. If more than one bid be offered by any one party, by or in the name of his or their clerk, partner, or on behalf of all such parties, it may be rejected. This will not prevent a bidder from submitting modified or alternate bids quoting different prices on different quantities of material under the same conditions of delivery. A manufacturer who has quoted prices to one of the bidders is not thereby disqualified from himself submitting a direct bid for the same article.
changes, corrections, or alterations can be made therein by the bidder.

§ 116.05-77 Modification by Government not permitted. (a) In awarding the contract to the lowest bidder the contracting officer cannot modify the terms of his bid in regard to time of delivery or any other of its material elements. While the Government may not force the bidder to accept award under terms on the telegram these contained in his bid, modifications may, after award, be made with the bidder's consent, and the changes mutually agreed upon may be embodied in the contract. (b) No modification of the bids shall be permitted after the opening which modifies or changes the bids so as to affect the award.

§ 116.05-78 Modification of bids; Telegram. A bidder under an advertisement for sealed bids may, previous to the opening of the bids, modify his bid by telegram, and the modified bid, if authentic, would upon acceptance before withstanding a bid. Time for reading, modifying sealed bids which are received before the hour of opening shall be immediately placed in sealed envelopes and shall promptly be opened at the appointed hour with the original bids from the bidders. However, since telegrams, unlike letters, are revocable until delivered, the official time of receipt shall be the hour at which the telegram is received by the Government (which shall be stamped or written on the telegram); the hour at which a bid shall be received shall not govern. (b) If award has not been made, the bidding officer may require a bidder to withdraw his bid and the award shall then be made to the next qualified bidder. (c) After award the discretion vested in the contracting officer ceases and requests received from contractors for release on contracts based on bids in error will be forwarded to Headquarters accompanied by full data, comment, and recommendation for decision and action. Headquarters can only refer the case to the General Accounting Office for decision.

§ 116.05-80 Bidder is given mistake. Where a bid to furnish the stated quantities is accepted, the supplies delivered, and the contract price paid, and it is subsequently established that at the time of the opening of the bids the contracting officer was not aware of the mistake in the bid, the contract prices fixed in the contract and the vouchers must be supported by a statement of the market price at the date of delivery. This certificate is required irrespective of whether or not any changes have been made in the price.

§ 116.05-81 Maximum prices quoted. (a) A proposal that quotes a maximum price with a provision for a reduction in the event the current market price is reduced, without a provision for increases above the quoted maximum, is a valid basis for a contract. In such case the bidder shall state the current market price at the time of the award and each voucher must be supported by a statement of the market price at the date of delivery. This certificate is required irrespective of whether or not any changes have been made in the price.

§ 116.05-82 Discounts; determination of award. The determination of award when discounts are offered is a matter for discretion of the contracting officer. If, by reason of the offered discount, a bid is low and there appears reasonable certainty that the performance of the contract will be within the administrative duties in connection with receipt, inspection, and payment is practicable of accomplishment, the bid should be accepted; if not, the bid should not be regarded as low. The fact that discount was considered shall be noted on Standard Form 1036.

§ 116.05-83 Award to be made within a reasonable length of time. An obligation lies upon the Government to make an award within a reasonable length of time after an opening of bids. When it appears that a bid is in error, the bidder should be requested to verify such bid prior to award.

§ 116.05-84 Acceptance of bids in writing. When bidders' proposals are submitted in writing, the contracting officer will indorse over his signature the word or words "Accepted" or "Accepted for items Nos. _______" on the proposal covering the award. Acceptance shall always be in writing.

§ 116.05-85 Forms of award. When an award is to a higher bidder in error and the contract has proceeded with manufacture and delivery before the error has been discovered, the contract should be considered completed with delivery already made, and payment shall be made not in excess of the lowest satisfactory bid which was received at the original opening. The contractor then be advised that he may submit a claim to the General Accounting Office for the difference between his price and the price quoted by the lowest satisfactory bidder. He may also submit a claim to the General Accounting Office for any damages which he may have sustained through the suspension of deliveries under his contract.

SUBPART 116.07—PROCUREMENT BY NEGOTIATION

GENERAL

§ 116.07-1 Negotiation. The term "negotiation" as used in this subpart means that method of procurement under which the formal procedure for procurement by advertising is not required.

§ 116.07-2. Need for competition. Authority to negotiate purchases or contracts does not modify in any respect the fundamental principle that supplies and services will be obtained as the result of competition. Accordingly, where competition exists, quotations will afford the bidder the opportunity to submit quotations by informal solicitation to the extent that such procedure is consistent with the needs of the occasion.

§ 116.07-3. Absence of competition. Where no competition results from the informal solicitation, or insufficient number of suppliers submit quotations, or the prices appear excessive when checked against previous prices, or when the procurement is such as to be placed with a single source of supply under any of the circumstances enumerated below, negotiation will be conducted on a basis of thorough analysis of the supplies' estimated and/or historical cost data. Careful use of price cost analysis in connection with negotiated purchases will protect the Government against excessive prices.

§ 116.07-4 General limitations upon the use of negotiation. No contract shall be entered into as a result of negotiation unless the contemplated procurement comes within the circumstances permitting negotiation as stated in the act and as set forth in this subpart.

§ 116.07-5 Certain negotiations restricted to Headquarters. The negotiation of contracts under certain circumstances requires special determinations and findings by the Commandant or by the General Accounting Office. Accordingly, the authority to negotiate contracts under such circumstances is restricted to Headquarters as set forth herein. The negotiation of such contracts shall be in accordance with the requirements of the act, and shall be governed, insofar as practicable, by the procedures established by the Armed Services Procurement Regulations.

§ 116.07-6 Method of negotiation. "Negotiation" is to be interpreted as the procedure by which the Government may make the most desirable type of contract for the required supplies or services, under circumstances authorized by the act, and without the necessity of following the procedures relating to procurement by formal advertising. Negotiation shall, generally, be effected by giving one
or more selected and qualified dealers an opportunity to submit a quotation (as distinguished from a "bid," which pertains to procurement by advertising) for the required items: analyzing the quotations received; and (f) either accepting the most advantageous quotation as submitted, or (2) entering into further negotiations with one or more of the dealers for the purpose of securing more advantageous terms than contained in the original quotations. In the negotiation of contracts, due attention shall be given to the following and any other appropriate factors:

(a) Comparison of prices quoted, and consideration of other prices for the same or similar supplies or services, with due regard to cost of transportation, cash discounts, and any other factor relating to price;

(b) Comparison of the business reputations and responsibilities of the respective persons or firms who submit quotations;

(c) Consideration of the quality of the supplies or services offered, or of the supplies or services previously furnished, with due regard to the satisfaction of technical requirements;

(d) Consideration of delivery requirements;

(e) Discriminating use of price and cost analyses;

(f) Investigation of price aspects of any important subcontract;

(g) Individual bargaining, by mail or by conference;

(h) Consideration of cost sharing;

(i) Effective utilization in general of the most desirable type of contract, and in particular of contract provisions relating to price redetermination.

§ 116.07-7 Public notices not required. The posting of a copy of a notice of the proposed procurement in a public place is not required in connection with procurement by negotiation.

§ 116.07-8 Public openings not required. Although requests for the submission of quotations may be notified in the public press, it should be understood that such notices are not required to be published in any newspaper or periodical. Solicitation for quotations shall be made in sealed envelopes, and should state a time limit for the receipt of such quotations, the holding of a public opening of quotations is not required.

§ 116.07-9 Sufficient time to be allowed for submission of quotations. When written quotations are requested, dealers shall be given sufficient time for the preparation and submission of their quotations. The time limit for the receipt of quotations shall be clearly stated on all requests for quotations.

§ 116.07-10 Oral quotations. While written quotations are preferable for procurement of supplies or services, oral quotations may be solicited at the option of the contracting officer. It is, however, mandatory that a record of all oral quotations be maintained in connection with any purchase. For purchases involving amounts in excess of $1,000, oral quotations should always be confirmed in writing.

§ 116.07-15 Record and report of negotiated contracts. (a) Headquarters will maintain a record and prepare a consolidated report of the number and total value of all contracts negotiated during each fiscal year, under each of the circumstances permitting negotiation under section 2 (c) of the act.

(b) In order to complete such records and reports, each contract or purchase document representing a procurement which was effected under "Negotiation" authority shall be clearly marked in the upper right hand corner of the document with the word "Negotiated" followed by a citation of the applicable section of the act under which the negotiation was authorized; for example, a document containing the word "Negotiated" followed by "Negotiated, section 2 (c) (3)."

§ 116.07-20 Circumstances permitting negotiation. Subject to the instructions herein, and pursuant to the authority of section 2 (c) (3) of the act, procurement may be effected by negotiation whenever any one of the circumstances set forth in §§ 116.07-21 to 116.07-37.

§ 116.07-21 National emergency (sec. 2 (c) (1)). Pursuant to the authority of section 2 (c) (1) of the act, purchases and contracts may be negotiated if "determined to be necessary in the public interest during the period of a national emergency declared by the President or by the Congress." The authority shall be used only to the extent determined by the Commandant to be necessary in the public interest. Appropriate directives will be issued by the Commandant upon any future declaration of a national emergency by the President or by the Congress.

§ 116.07-22 Public exigency (sec. 2 (c) (2)), Pursuant to the authority of section 2 (c) (2) of the act, purchases and contracts may be negotiated if "the public exigency will not admit of the delay incident to advertising." In order for this authority to be used the need must be compelling, and of unusual urgency, as when the Government would be seriously injured, financially or otherwise, if the supplies or services were not furnished by a certain date, and when other provisions of law are not obviating the benefits derived under this authority. Written confirmation of all orders placed is required.

§ 116.07-24 Person, or professional services (sec. 2 (c) (4)). Pursuant to the authority of section 2 (c) (4) of the act, purchases and contracts may be negotiated for personal or professional services. The authority to negotiate for personal or professional services shall not apply to the procurement by negotiation of any type of services authorized under any other provisions of the act or regulations. This authority is restricted to Headquarters and shall be used only when all of the following conditions have been satisfied:

(a) The personal or professional services, they must be required to be performed by an individual contractor in person (not by a firm), or if professional services, they may be performed by an individual contractor in person or by a firm or organization;

(b) The services are of a professional nature, or (b) are to be performed under Government supervision and paid for on a time basis;

(c) The procurement of such services is otherwise specifically authorized by law.

§ 116.07-25 Services of educational institutions (sec. 2 (c) (5)). Pursuant to the authority of section 2 (c) (5) of the act, purchases and contracts may be negotiated for personal or professional services for any service to be rendered by any university, college, or other educational institution. This authority is restricted to Headquarters, and may be used for either of the following types of services:

(a) Educational or vocational training and services to be rendered by any university, college, or other educational institution.
In connection with the training and education of personnel, and for necessary material, services, and supplies furnished by any such institution in connection therewith;

(b) Experimental, developmental, or research work including services, tests, and reports necessary or incidental thereto to be conducted by the Commandant, Science, Education, and Training, or other educational institutions, and reports furnished in connection therewith.

§ 116.07-26 Purchases outside the United States (sec. 2 (e) (8)). Pursuant to the authority of section 2 (e) (8) of the act, purchases and contracts may be negotiated if the "supplies or services are to be procured and used outside the limits of the United States and its possessions." This authority shall be used only for purchases made abroad, such as supplies, construction work, or other services for overseas installations or for use of occupational forces (irrespective of the authority of section 2 (c) (10) of the act).

§ 116.07-27 Medicines or medical supplies (sec. 2 (c) (7)). Pursuant to the authority of section 2 (c) (7) of the act, purchases and contracts may be negotiated "for medicines or medical supplies." This authority shall be used only when the following requirements have been satisfied:

(a) Items are not obtainable through Public Health Service or from other Government sources of supply;

(b) Such supplies are peculiar to the field of medicine;

(c) The cost is charged to Coast Guard appropriations (and not to Public Health Service funds); and

(d) Whenever the probable cost will exceed $10,000 the procurement is restricted to Headquarters.

§ 116.07-28 Supplies purchased for authorized resale (sec. 2 (c) (8)). Pursuant to the authority of section 2 (c) (8) of the act, purchases and contracts may be negotiated for "supplies purchased for authorized resale." This authority cannot now be exercised by the Coast Guard.

§ 116.07-29 Perishable subsistence supplies (sec. 2 (c) (9)). Pursuant to the authority of section 2 (c) (9) of the act, purchases and contracts may be negotiated for "perishable subsistence supplies."

§ 116.07-30 Supplies or services for which it is impracticable to secure competition by formal advertising (sec. 2 (c) (10)). (a) Pursuant to the authority of section 2 (c) (10) of the act, purchases and contracts may be negotiated for supplies or services for which it is impracticable to secure competition" by formal advertising. This authority will apply in the following cases, but only for transactions involving amounts of $10,000 or less, and only for contracts involving amounts of $1,000 or less will be made under the provisions of § 116.07-23.

(1) When the items are obtainable from a sole manufacturer or dealer. It is not sufficient to justify the purchase of a particular make of an item under this authority when other makes are available which will accomplish the same results;

(2) When the items have no commercial counterpart and can only be obtained from a single source of supply;

(3) When the existence of patent rights, secret processes, or similar circumstances preclude competition;

(4) When the items are parts of equipment or apparatus already in use and can only be furnished by one dealer;

(5) When the item is solicited by advertisement and none is received, or none complies with all essential requirements of the specifications;

(6) When the purchase is for utilities, including electricity, gas, water, sewage, disposal, steam, railroad track maintenance and switching service, inspection and maintenance of fire alarm systems, boiler inspection, and maintenance of elevators.

(b) Every contract negotiated under the authority of this section shall be accompanied by a Statement and Certificate of Award (1036), signed by the contracting officer, justifying procurement under this authority.

§ 116.07-31 Experimental, developmental, or research work (sec. 2 (c) (11)). (a) Authorization. Pursuant to the authority of section 2 (c) (11) of the act, purchases and contracts may be negotiated if the Commandant determines that "the purchase or contract is for experimental, developmental, or research work to obtain the manufacture or furnishing of supplies for experimentation, development, research, or test," provided that in the case of contracts for $25,000 or less, the Chief, Office of Finance and Supply, is authorized without power of redelegation to make the required determination.

(b) Application. This authority is restricted to Headquarters and may be used for any of the following purchases or contracts:

(1) Contracts relating to theoretical analysis, exploratory studies, and experimentation in any field of science or technology;

(2) Contracts calling for the practical application of investigative findings and theories of a scientific or technical nature;

(3) The purchase of such quantities of equipment, supplies, parts, accessories, or patent rights thereto, and drawings or designs thereof, as are necessary for experimentation, development, research, or test;

(4) Services, tests, and reports necessary or incidental to experimentation, developmental, or research work.

(c) Limitations. In order for this authority to be used, the required determination to be made by the Commandant shall, in the case of contracts for $25,000 or less, the Chief, Office of Finance and Supply, be made in accordance with the requirements of section 2 (c) (11) of the act. This authority shall not be used for contracts for the quantity production of items developed as the result of prior experimentation, development, research, or test; however, research or development contracts which call for the production of a reasonable number of experimental or test models, or prototypes, shall not be regarded as contracts for quantity production of items.

Records and reports. Headquarters shall maintain a record of the name of each contractor with whom a contract has been entered into under this authority, together with the amount of the contract, and description of the work, and shall prepare and submit reports as required by the act.

§ 116.07-32 Classified purchases (sec. 2 (c) (12)). Pursuant to the authority of section 2 (c) (12) of the act, purchases and contracts may be negotiated for supplies or services as to which the Commandant determines that the character, ingredients, or components thereof are such that the procurement thereof should not be publicly disclosed. This authority is restricted to Headquarters and shall be used only when military considerations necessitate secrecy, and then only for purchases or contracts as classified as confidential or higher.

§ 116.07-33 Technical equipment required standardization and interchangeability of parts (sec. 2 (c) (13)). Pursuant to the authority of section 2 (c) (13) of the act, purchases and contracts may be negotiated for equipment which the Commandant determines to be technical equipment, and as to which it is determined that the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts and that such standardization and interchangeability is necessary in the public interest. This authority is restricted to Headquarters and shall not be used until required determinations and findings have been made by the Commandant.

§ 116.07-34 Technical or specialized supplies requiring substantial initial investment or extended period of preparation for manufacture (sec. 2 (c) (14)). Pursuant to the authority of section 2 (c) (14) of the act, purchases and contracts may be negotiated "for supplies of a technical or specialized nature requiring a substantial initial investment or extended period of preparation for manufacture," as determined by the Commandant, "when he determines that advertising and competitive bidding may require duplication of investment or preparation already made, or will unduly delay procurement of such supplies."

This authority is restricted to Headquarters and shall not be used until required determinations and findings have been made by the Commandant.

§ 116.07-35 Negotiation after advertising (sec. 2 (c) (15)). Pursuant to the authority of section 2 (c) (15) of the act, purchases and contracts may be negotiated for supplies or services as to which the Commandant "determines that the bid prices after advertising therefor are not reasonable or have not been independently arrived at in open competition, the public interest requires that supplies be furnished by the Coast Guard and shall not be used unless and until the Commandant has determined in accordance with the act, that the bid prices after advertising for such supplies or services, are not reason-
Thursday, March 2, 1950

[Text content]

**FEDERAL REGISTER**

**SUBPART 116.06—Exchange of Material
TRADE-IN ALLOWANCE**

§ 116.06-1 Trade-in allowance. The exchange of material as full or part payment for new or reconditioned material is permitted only when authorized by law and only when the "trade-in" allowance equals or exceeds the amount which would have been received by the outright sale of the items. Cash sale proposals shall be solicited for all items (except typewriters) authorized for exchange, and the bids or quotations shall be compared with the amounts offered for "trade-in" or exchange. When the cash sale bid exceeds the "trade-in" or exchange offer, the items will be sold under the bid rather than exchanged.

§ 116.06-2 Applying proceeds of sale to purchase of replacement. (a) The proceeds from the sale of the old equipment may be applied toward payment or partial payment of the replacements under certain conditions. In such cases, sufficient evidence must be furnished to permit a determination that the old and new equipment are sufficiently similar to remain within the provisions of the applicable statute and there must be some action toward the purchase, by issuance of an order or requisition, if not the actual consummation of the purchase. The proceeds of the sale may be applied.

(b) In cases meeting the conditions set forth in paragraph (a) of this section, the proceeds of the sale shall be transmitted to the administrative officer for collections by the sales officer on Form CG-2668, which shall be prepared to show deposit to the credit of the Miscellaneous Revenues account. Proceeds of sales, Motor-Powered Vehicles, etc., Treasury Department (fiscal year), with reference to the particular purchase order or requisition for replacement equipment on which the proceeds are to be applied.

§ 116.09-3 Typewriters and labor saving devices. The Act of March 4, 1915 (38 Stat. 1167) (41 U. S. Code 26) authorizes the exchange of typewriters, cash or exchange is involved.

§ 116.09-4 Motor vehicles, airplanes, machines and tools. The Act of June 6, 1941 (55 Stat. 247) (41 U. S. Code 31b) authorizes the exchange of motor propelled vehicles, airplane engines, and the parts and obsolete unserviceable machines and tools, and parts, thereof, in part payment for new equipment of the same or similar character as those proposed to be exchanged.

§ 116.09-5 Refrigerators, temperature control devices, and watchmen's clocks. The Act of April 15, 1927 (50 Stat. 64) (5 U. S. C. 118d) authorizes the exchange of

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**§ 116.07-36 Purchases in the interest of national defense or industrial mobilization.** Pursuant to the authority of section 2 (c) (16) of the Act, purchases and contracts may be negotiated if the Commandant "determines that it is in the interest of the national defense that any plant, mine, or facility or part thereof in the country be used or maintained for industrial mobilization for obtaining the contract; therefore, such contract forms and conditions presently in use will be utilized in connection with the solicitation and submission of quotations, standard forms, and specifications, and all purchases pertaining to negotiated procurement, to the extent that such forms and conditions are not inconsistent with the requirements of the Act. All reference to section 3109, Revised Statutes, shall be deleted from such forms. Authority is granted to modify such forms as may be deemed necessary by the contracting officer to conform to requirements pertaining to negotiation of contracts.

**§ 116.07-46 Quotations.** "Quotations" in lieu of "bids" are the basis of offers relating to negotiated procurement transactions. Standard Form 38 (Invitation, Bid, and Acceptance) shall not be used for negotiated contracts and purchases. In lieu thereof, Form CG-2662 (Request for Quotation), shall be used. Requests for quotations should be accompanied by condition sheets (Forms CG-2651, CG-2651-B, or CG-2651-C) as appropriate. Sealed quotations shall be received, opened, and evaluated with negotiation of procurement transactions, but public openings of quotations are not required.

**§ 116.07-47 Types of contracts.** The act permits the use of any type of contract which will promote the national defense or industrial mobilization in case of such an emergency, or furnish supplies or services in the event of a national emergency, or the interests either of industrial mobilization or the national defense in maintaining active engineering, research and development, are otherwise subserved. This authority is granted to Headquarters. Commandants shall maintain a record of the name of each contractor with whom a contract has been entered into under this authority, together with the amount of the contract and description of the work, and shall prepare and submit reports as required by the act.

**§ 116.07-37 Otherwise authorized by law.** Pursuant to the authority of section 2 (c) (17) of the Act, purchases and contracts may be negotiated if "otherwise authorized by law." This authority is restricted to Headquarters, or to field units when specifically authorized by Headquarters. No contract formed under authority of any other law which is presently existing or which may hereafter be enacted, relating to or authorizing negotiated purchases or contracts.

**DETERMINATIONS AND FINDINGS**

**§ 116.07-49 Determinations and findings.** Determinations and supporting findings which are required by the act and which are referred to throughout these instructions, and which are prerequisites to the authority to negotiate certain types of contracts, will be made by Headquarters. The determinations and findings shall be in the form and requirement as specified by the act and shall, insofar as practicable, be in accordance with previous sets from the Armed Services Procurement Regulations. Copies of all Headquarters determinations, decisions and findings, and all pertinent records to the negotiation, shall be preserved for 6 years following the date of final payment of the contract.

**FORMS TO BE USED IN SOLICITING QUOTATIONS**

**§ 116.07-45 General.** Pending the adoption of revised forms, the various contract forms and conditions presently in use will be utilized in connection with the solicitation and submission of quotations, standard forms, and specifications, and all purchases pertaining to negotiated procurement, to the extent that such forms and conditions are not inconsistent with the requirements of the Act. All reference to section 3109, Revised Statutes, shall be deleted from such forms. Authority is granted to modify such forms as may be deemed necessary by the contracting officer to conform to requirements pertaining to negotiation of contracts.

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**§ 116.07-46 Quotations.** "Quotations" in lieu of "bids" are the basis of offers relating to negotiated procurement transactions. Standard Form 38 (Invitation, Bid, and Acceptance) shall not be used for negotiated contracts and purchases. In lieu thereof, Form CG-2662 (Request for Quotation), shall be used. Requests for quotations should be accompanied by condition sheets (Forms CG-2651, CG-2651-B, or CG-2651-C) as appropriate. Sealed quotations shall be received, opened, and evaluated with negotiation of procurement transactions, but public openings of quotations are not required.

**§ 116.07-47 Types of contracts.** The act permits the use of any type of contract which will promote the national defense or industrial mobilization in case of such an emergency, or the interests either of industrial mobilization or the national defense in maintaining active engineering, research and development, are otherwise subserved. This authority is granted to Headquarters. Commandants shall maintain a record of the name of each contractor with whom a contract has been entered into under this authority, together with the amount of the contract and description of the work, and shall prepare and submit reports as required by the act.

**§ 116.07-37 Otherwise authorized by law.** Pursuant to the authority of section 2 (c) (17) of the Act, purchases and contracts may be negotiated if "otherwise authorized by law." This authority is restricted to Headquarters, or to field units when specifically authorized by Headquarters. No contract formed under authority of any other law which is presently existing or which may hereafter be enacted, relating to or authorizing negotiated purchases or contracts.

**DETERMINATIONS AND FINDINGS**

**§ 116.07-49 Determinations and findings.** Determinations and supporting findings which are required by the act and which are referred to throughout these instructions, and which are prerequisites to the authority to negotiate certain types of contracts, will be made by Headquarters. The determinations and findings shall be in the form and requirement as specified by the act and shall, insofar as practicable, be in accordance with previous sets from the Armed Services Procurement Regulations. Copies of all Headquarters determinations, decisions and findings, and all pertinent records to the negotiation, shall be preserved for 6 years following the date of final payment of the contract.
of used parts of mechanical refrigerators, hermetically sealed refrigerating units, temperature control devices, and water-cooled equipment have been sold or in part for new or reconditioned parts to be used for the same purposes as those proposed to be exchanged.

§ 116.09-6 Motor-propelled or animal-drawn vehicles or tractors; road, agricultural, manufacturing, or laboratory equipment; boats. Section 8 of the Act approved August 2, 1946 (60 Stat. 808), authorizes the exchange or sale of motor-propelled or animal-drawn vehicles or tractors, or road, agricultural, manufacturing, or laboratory equipment, or boats, or parts, accessories, tires, or equipment thereof, the exchange allowance or proceeds of sales of which may be applied in whole or in part payment of similar items in replacement, provided, that any transaction carried out under this authority shall be evidenced in writing.

§ 116.09-7 Disposal authority required before exchange. The exchange authority outlined in this subpart does not permit the disposal of material without survey of items requiring survey action, or otherwise permit disposal when prohibited by existing instructions.

SUBPART 116.11—SPECIFICATIONS

§ 116.11-1 General. (a) Supplies and services required shall be specified with sufficient definiteness to insure intelligent submission of proposals but not in such terms as to preclude competition. The governing factor with respect to the minimum quality shall be service requirements and the specifications shall be drawn on that basis.

(b) Each item making commercial purchases shall maintain a current file of specifications applicable to items so purchased. A formal specification in one of the numbered series shall be used whenever available.

§ 116.11-5 Government specifications. Formatted specifications have been developed according to standard pattern in numbered series by certain government agencies as follows:

(a) Federal specifications. These specifications have been developed by the Federal Specifications Executive Committee, Bureau of Federal Supply, Treasury Department. Federal specifications, when required, shall be requested by letter to the Commandant (HA).

(b) Army-Navy joint specifications. These specifications have been developed by the Army-Navy Joint Specifications Board. These specifications shall be requested from local Naval Supply Depots or Purchasing Offices when required. If not obtainable from these sources they should be requested by letter to the Commandant (HA).

(c) Navy specifications. These specifications have been developed by the several Navy Bureaus under the supervision of the Navy Specifications Board. These specifications shall be requested from local Naval Supply Depots or Purchasing Offices, when required. If not obtainable from these sources they should be requested by letter to the Commandant (HA).

(d) Coast Guard specifications. These specifications shall be requested by letter to the Commandant (FS).

§ 116.11-10 Commercial designations. When in the preparation of invitations difficulty is experienced in describing or specifying the nature of the purchase and a commercial make or type is known embodying the minimum requirements, such make or type shall be specified in the specification by the trade name, qualified by the words "or equal." The use of the trade name in this manner without the words "or equal." In the absence of showings that no other make will serve the purpose of the Government is not permitted. Should materials be offered under brand names, catalog or model numbers, they must signify that material so offered meets the specifications used in the invitation.

§ 116.11-15 Patented articles. Invitations for replacement parts of patented articles which already exist as the property of the Government shall contain the following specification: "Repair parts for (name of patented article), equal and interchangeable with parts manufactured by (name of manufacturer), as designated in the catalog or blue prints of the manufacturer shall be cited if known.

§ 116.11-20 Quantity requirements and units of measurement.—(a) Commercial terms to be used. The unit of weight, measure, or enumeration used in the preparation of invitations shall conform to the usual commercial practice, such as dozen, gross, ton (long, short, net), hundred (C), thousand (M), etc. In certain instances the printing unit will differ from the quantity unit, as for example in the purchase of wire, cable, rope, etc., wherein a specified linear measurement is required and expressed in feet, yards, or fathoms, and the pricing factor is based on the weight. Under these conditions the requirement shall be to obtain a specified length of material to the exact length, as determined by the price factor shall be clearly shown. The usual practice is to state the required length, express the weight, and show the price per unit of weight. Under these conditions the contractor is entitled to reimbursement based on the weight of the material furnished under the contract.

(b) Specific dimensions. The extension of each item must be the product of the quantity and the unit price. If the article is to meet specific dimensions but the requirement is to be determined by the weight (as in the case of structural iron), the unit which will be used to compute the cost shall be shown in the specifications and a notation shall be entered to the effect that the product price must be submitted on that basis. The dealers shall be required to submit an estimate of the weight, which will be subject to correction upon delivery.

(c) Quantity required to be shown on invitation. (1) Definite quantities shall be shown on invitations wherever practicable.

(2) If the exact quantity cannot be determined, as in the case of term contracts, an estimated quantity shall be stated. In estimating the approximate quantities the greatest care shall be exercised to obtain an estimate as accurate as possible. Where the quantity can be determined within a reasonable variance, a contract clause substantially as follows should be inserted in the invitation:

The approximation furnished is solely for the information of the dealer. The Government reserves the right to purchase only such quantities as are actually required and to exceed the estimated amount by a reasonable variance not to exceed 20 per centum.

(3) Where it is not possible to determine the quantity within a reasonable limit, a contract clause substantially as follows should be inserted in the invitation:

The uncertain and varying needs of the Coast Guard make it impossible to determine the quantity or quantities of the articles and materials described herein that may be required during the contemplated period of the contract. Estimated quantities are stated for information only and it is mutually understood and agreed that the Government will order and the contractor will deliver the quantities of the kinds of materials described in the specifications that in the judgment of the ordering officer may be required during the contract period. The actual purchases will be charged at a specified rate per lb. or otherwise as may be otherwise indicated. These supplies will be ordered from time to time during the life of the contract in such quantities that delivery in such forms and to such pieces provided for by the contract as the needs of the Coast Guard require. Proposals must contain the proviso that the total deliveries will not exceed a certain specified quantity will be considered, but the right is reserved to reject any proposal which provides that the Government shall guarantee to take any definite quantity.

(d) Fresh water. The unit of quantity for fresh water in bulk should conform to the usual commercial practice in the locality where proposals are solicited. Where schedule of rates for water provide for a charge for meters in accordance with size, the size of the meters shall be indicated in the contract and on the payment invoices.

(e) Fuel oil. The unit of quantity for fuel oil will be the barrel of 42 gallons of 231 cubic inches at a standard temperature of 60° F. Care shall be taken to state the variance not to exceed 20 per centum. The unit for the purchase of lumber is the board foot. The unit of quantity for gasoline and kerosene, and similar petroleum products, is the gallon.

(f) Liquids. In the case of liquids in bulk containers, such as barrels, drums, casks, etc., the unit shall be specified in gallons or quarts, etc., and the approximate quantity shall be shown, which shall be subject to adjustment upon delivery.

(g) Number. (1) The unit for the purchase of lumber is the board foot. Where it is the contractor's practice to specify linear feet, as in the case of molding, beading, etc., the invitation shall be formulated accordingly, and the required dimensions and the number of pieces shall be accurately specified. Where random lengths are contemplated, each item shall show clearly whether the
beard foot or the linear foot is the unit and whether the proposal is desired per thousand feet (per M.), per hundred feet (per C.), or per single foot (per foot).

(2) The term "pinus ponderosa" shall be used in accordance with the "Standards for Forest-measurement of White Pine" to describe ponderosa lumber.

(1) Wood. The unit for wood is the standard cord of 128 cubic feet, but in localities where the so-called single cord (carload) is recognized in the trade, invitations shall clearly show which is intended.

(1) Cool. The unit of quantity for coal is the ton of 2,000 pounds. The size of coal shall be specified by screen size rather than by name. In stipulating screen sizes consideration should be given to the sizes available at each point of delivery. The smallest and cheapest size shown by experience and trial to be effective shall be specified.

§116.11-23 Return or retention of containers. (a) Invitations and contracts which involve the delivery of items or material such as drums, carboys, cylinders, reels, etc., must contain a clause setting forth the ownership of the containers, and the applicable provisions for either the purchase or return of the containers, as are involved in the purchase. If the containers are the property of the Government that fact shall be clearly set forth in the contractual papers. The containers shall be furnished by the contractor without cost to the Government, it is agreed that the contractor will allow the Government a credit of $.25 per container returned. Empty containers shall be delivered to: Name of contractor. Address of contractor's plant.

§116.11-30 Delivery requirements—(a) Place of delivery. (1) Normally, contracts covering deliveries to known destinations shall require delivery f. o. b. destination (to be made at the contractor's expense). However, when shipment involves one or more carload lots, information shall be requested from the Contractor prior to contracting, whether any special freight rate agreements are in effect which would make delivery f. o. b. contractor's shipping point beneficial to the Government.

(2) Supply contracts covering delivery of material to destination which can not be determined at the time the contract is executed shall require delivery f. o. b. contractor's shipping point (shipment to destination at Government expense).

(3) Supply contracts covering delivery of material required to repair or replace Government property for which reimbursement has been obtained from other persons responsible for the damage shall require delivery on an f. o. b. destination basis only.

(4) Delivery and shipment clauses shall be inserted in the invitations and purchase documents.

(b) Containers to remain the property of the contractor. When the purchase involves the furnishing of containers which can be returned to the contractor within a reasonable length of time after delivery, and which the contractor desires to have returned, a clause substantially as follows shall be inserted in the invitation and in the contract:

Returnable containers. Containers (drums, carboys, cylinders, reels, tanks, etc.) incident to the delivery of the items shall be furnished by the contractor without cost to the Government and will be returned to him at point of delivery in good condition within 12 months after date of delivery. If the containers are not returned within that period, the contractor will accept settlement in the event that the Government is required to conduct a search for the containers. The containers shall then become the property of the Government. The contractor further agrees to accept containers in good condition which have been paid for by the Government and which are returned within 12 months after the date of delivery at the expense of the Government, and to allow a credit of $.25 per container returned.

(c) Containers to become the property of the Government. When the purchase involves the furnishing of containers, the cost of which is to be included in the purchase price of the item furnished, the contract must provide a clause setting forth the fact that the containers were purchased by the Government, and if a refund is payable for the later return of the containers, the conditions shall be set forth in the invitation and in the contract. A clause substantially as follows may be used:

Cost of containers. Containers (drums, carboys, cylinders, reels, tanks, etc.) incident to the delivery of the items shall be included in the contract price and the containers shall remain the property of the Government. If the containers are returned to the contractor's plant at Government expense, and are within 12 months after the date of delivery to the Government, it is agreed that the contractor will allow the Government a credit of $.25 per container so returned. Empty containers shall be delivered to: Name of contractor. Address of contractor's plant.
owned buildings and formal return of the space assignment to the cognizant agency shall be effected by Headquarters.

§ 118.13-5 Acquisition of privately owned land or facilities by permit or lease. (a) The Coast Guard is obliged by law to utilize Government-owned facilities, if existing or acquired at public expense, or rented space in the locality. In the absence of such an association, a lease shall be secured from the custodian of the local post office or Federal buildings.

(b) Execution of a formal lease contract is the proper method of acquiring use of Government-owned or Government-rented space required by the needs of the Coast Guard activity to be accommodated. Use of boats, barges, floats, scows, or floating facilities shall be legalized by Headquarters by charter upon submission of proposal and justification.

(c) Any proposal to lease real property shall be submitted to the Commandant (PS-P) if approved, the Commandant (FS-P) shall be authorized to execute the lease contract and be advised as to the appropriation and subhead chargeable with the rental.

(d) Prior to renewal of permits or leases the statement concerning the availability of Government-owned or Government-rented space required by paragraph (a) of this section will be obtained and if such space is available, Form CG-2876 shall be submitted to the Commandant (FS-P) for approval prior to issuance of cancellation notice. Upon receipt of authority to cancel, cancellation notices shall be issued to the lessee sufficiently in advance of the effective date thereof, to permit the accomplishment by the Government of any restoration required under article 8 of the lease. Two copies of notice of cancellation shall be forwarded to the Commandant (FS-P) concurrent with issuance to the lessor.

§ 118.15-CERTIFICATES OF AWARD

§ 118.15-1 Procurement by advertising. (a) Every contract and purchase agreement (except for purchase orders issued under existing contracts) made as the result of advertising, shall be supported by a Statement and Certificate of Award (Standard Form 1036), signed by the contracting officer to show the method and extent of advertising; and the basis of award.

(b) On purchases made on short form contracts requiring the assignment of a contract number, the original signed certificate shall be attached to the original of the contract. A copy of the certificate shall also be attached to the copy forwarded to Headquarters, and a copy shall be retained with the official file copy of the contract at the contracting office.

(c) On purchases made on short form contract not requiring the assignment of a contract number, the original signed certificate shall be attached to the original of the accepted bid and a copy shall be retained in the official files of the contracting office.

(d) The name of the contractor will be inserted at the top of the form above the space provided for the contract number.

(e) The appropriation and subhead pertaining to the contract shall be noted on the certificate.

(f) When acceptance of other than the low bid to price (expenditures) or other than the highest bid to price (receipts) is made, Standard Form 1036 will list in detail the results of all bids. If acceptance of a higher bid (expenditures) or a lower bid (receipts) is made, the reasons for rejection of the lowest bid (expenditures) or the highest bid (receipts) shall be listed on the form, in a manner substantially as shown in the specimens below:

Specimen 1 (acceptance of other than lowest bid—expenditures):

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Doe &amp; Co</td>
<td>$490.00</td>
</tr>
<tr>
<td>John Smith &amp; Co.</td>
<td>$460.00</td>
</tr>
<tr>
<td>John Jones &amp; Co.</td>
<td>$470.00</td>
</tr>
</tbody>
</table>

Specimen 2 (acceptance of other than the highest bid—receipts):

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Doe &amp; Co</td>
<td>$490.00</td>
</tr>
<tr>
<td>John Smith &amp; Co.</td>
<td>$460.00</td>
</tr>
<tr>
<td>John Jones &amp; Co.</td>
<td>$470.00</td>
</tr>
</tbody>
</table>

Lower bid of John Doe & Co. rejected as copies submitted had the wrong specifications, being brass instead of bronze.
§ 116.15-5 Procurement by negotiation. (a) A Statement and Certificate of Award (Standard Form 1698) is not required for procurement by negotiation, when the aggregate amount involved does not exceed $1,000.

(b) A Statement and Certificate of Award (Standard Form 1698) is required when procurement is made by negotiation under either of the following conditions:

(1) When the public exigency will not admit of the delay incident to advertising.

(2) When it is impracticable to secure competition by formal advertising.

§ 116.17-1 Federal taxes. (a) The United States Government is exempt from the payment of tax on the following items:

(i) Transportation of persons on Government transportation requests. When transportation requests are not used, tax must be paid and exemption will not be allowed.

(2) Transportation of property under Government bill of lading. Converted commercial bills are included.

(c) Telephone, telegraph, cable, radio, and leased wire service or facilities furnished directly to the Government.

(d) The clause prescribed by § 118.05-155 of this chapter shall be incorporated in all contracts and purchase agreements.

§ 116.17-5 State and local taxes. (a) The United States Government is generally exempt from the payment of State and local taxes.

(b) The clause prescribed by § 118.05-155 of this chapter shall be incorporated in all contracts and purchase agreements.

§ 116.17-10 Tax exemption certificates. Only one form of tax exemption certificate—Standard Form 1094—is issued by Government officers to vendors with respect to Federal taxes. Form 1094 will be issued by the contracting officer only when required by the contract to furnish proof of exemption with respect to those taxes which have been excluded from the contract price.

(b) Standard Form 1094 will be used for State and local taxes, except when a different form is required by the State or local taxing authority.

(c) The certificate will be issued to the vendor only when the price paid is exclusive of Federal, State, or local tax.

(d) If the vendor refuses to sell at a price exclusive of State or local tax, the certificate will be used by the Government in billing the taxing authority for refund. The certificate, supported by a memorandum copy of the payment voucher and a copy of the vendor's invoice or delivery ticket showing point of delivery, will be forwarded to the Commandant (FS-P).

(e) Only those officers who have received the United States Government tax exemption identification card (Form 1094C) may issue certificates. The tax identification card contains a number which must be inserted on every certificate issued by the authorized officer.

(f) District Commanders and commanding officers of independent units may obtain certificates and identification cards by letter request to the Commandant (HA). A record, listing the serial numbers of all certificates and identification cards received and the names of the persons to whom issued shall be maintained. A receipt shall be taken for all certificates and identification cards. Certificates and identification cards shall be recalled when no longer required by the holder or when the holder is transferred outside the command. Certificates may be reissued; identification cards shall be destroyed.

(g) Units within a command may obtain certificates and identification cards by request of the Commandant.

(h) Tax exemption certificates will not be issued:

(1) For merchandise purchased which is subject to the Federal tax and such tax is included in the price paid.

(2) For items of subsistence expense when an official or employee of the Federal Government is traveling on official business under a per diem allowance.

(3) For items of travel expense when an official or employee of the Federal Government is traveling on official business in his personally owned motor vehicle and is granted a mileage allowance.

(4) By individuals in official travel status, unless payment is actually made at the time of purchase.

(i) A single certificate may be issued where purchases are made under contract providing for deliveries extending over a period of time. Orders placed under such contracts will bear the serial number of the blanket certificate.

(j) When a certificate is used in connection with the purchase of gasoline or oil delivered into the fuel tank or crankcase of a motor vehicle, the license plate number or other official vehicle designation will be shown in the space provided on the certificate.

(k) A separate certificate shall be used for each class of tax involved (Federal, State, or local). Care must be exercised by the purchaser to fill in the blocks provided for showing on each certificate the separate amounts or rates of taxes involved so that the certificate may be used only for the purpose intended. If the space provided for showing the quantity, price, etc., of the articles purchased is not sufficient, a separate statement may be attached to the form. Blocks other than the one representing the tax involved shall be blanked out by inserting three X's. In addition to the signature and title, the identification card number of the purchaser must always be shown in the space provided therefor.

(l) The date of issue of each certificate prepared shall be shown on the payment voucher.

(m) The pertinent data as to issuance of certificates shall be listed on the tabulation sheet contained in the book of certificates.

(n) When all certificates in a book have been used the cover and tabulation sheet shall be forwarded to the issuing unit for further transmittal to the Commandant (HA). If all certificates and identification cards shall be properly safeguarded to prevent loss or unauthorized use.

PART 116—CONTRACTS

SUBPART 116.01—GENERAL PROVISIONS

§ 116.01-1 Forms of agreement. (a) All contractual obligations shall be recorded on either a Formal Contract, a Short Form Contract, or Purchase Order.
quarters for decision, with a letter setting forth the problems involved. In case of emergency the question may be submitted by dispatch. § 118.01-26 Award of contracts in anticipation of funds. However, term contracts for future requirements may contain a qualifying clause stating the contract is subject to the availability of appropriated funds if agreeable to the contractor. Purchase orders for delivery under such contracts shall not be placed until funds are made available. § 118.01-28 Execution of term contracts. (a) Coast Guard contracting officers are authorized to execute term contracts to cover an extended period of time for furnishing ration supplies, fuels, ice, water, garbage removal service and other materials of common, general use, that readily lend themselves to consolidated procurement. (b) The execution of term contracts for repairs that must in the absence of mutual agreement be deemed advantageous by the contracting officer. Term contracts should be executed only at units to which numerous vessels of similar characteristics, which require hauling out and minor repair work, are attached. The use of term contracts is restricted to minor repair work on vessels not larger than 125 feet in length. Work on larger vessels and all major overhaul and repair work shall be the subject of specific contracts.

§ 118.01-30 Contract bulletins. (a) Information bulletins covering term contracts executed by the Coast Guard contracting officer shall be promptly furnished to all units which may make use of such contracts. The bulletins shall be in sufficient detail to permit settlement of vouchers in accordance with the quantity and value of items supplied. (b) District Commanders shall furnish information covering contracts, executed by other Government agencies, which are available for Coast Guard use, to all district units which may make use of such contracts.

§ 118.01-35 Appropriation chargeable to be cited in the contract. All specific contracts shall clearly indicate the appropriations for funds, equipment, materials and services, and any funds chargeable with the cost of the work. This information shall be stated in the contract and on all change orders issued in connection with the contract.

§ 118.01-40 Notification of contract awards. Department of Labor Form PC-1. Notice of Award of Contract, shall be prepared and submitted in quadruplicate to the Department of Labor, whenever a contract is executed by a Coast Guard unit for supplies and equipment involving an amount of $10,000 or more. This form may be obtained either from local branch offices of the Department of Labor or from Headquarters. Subpart 118.03—Preparation of Contracts

§ 118.03-1 Contract forms to be used in executing contracts—(a) Formal contracts. (1) Supply contracts for amounts of $5,000 or more (and for lesser amounts at the discretion of the contracting officer) and contracts involving the use of bonds shall be executed on Standard Form 32 (Contract—Supplies). (2) Coal contracts shall be executed on Standard Form 41 (Contract—Coal) except under the following conditions when short form contracts or purchase orders may be used. (i) When required for marine use. (ii) When purchase is for 300 tons or less. (iii) When deliveries are required in less than carload lots. (iv) When required for emergency use. (v) When required for testing purposes. (b) Construction and repair contracts for amounts of $2,000 or more (and for lesser amounts at the discretion of the contracting officer), and contracts involving the use of bonds, shall be executed on Standard Form 28 (Contract—Construction). (c) Contracts for repairs to vessels, when prepared on Standard Form 23, shall be amended before execution by deleting article 17 (Rate of Wages), Davis-Bacon Act, and noting such deletion under article 22 (Alterations). (d) Short form contracts. (1) Supply contracts, made by advertising, for amounts of less than $5,000, and not involving the use of bonds, may be executed on Standard Form 33 (Invitation, Bid and Acceptance). (2) Construction and Repair contracts, made by advertising, for amounts of less than $2,000, and not involving the use of bonds, may be executed on Standard Form 33 (Bid Acceptance). (3) Short Form contracts, Standard Form 33 (Invitation, Bid and Acceptance), shall not be used for procurement by negotiation when the transaction does not require the use of a formal contract. (e) Purchase orders. Purchase Orders (Form CG-2557) may be used as a contractual agreement for procurement by negotiation when the transaction does not require the use of a formal contract. (f) Telephone service. See Chapter XV, Coast Guard Pay and Supply Instructions. (g) Lease of real property. Contracts (leases) for the acquisition of real property shall be executed on Standard Form 2 (Lease). (See subpart 116.13 of this chapter.) (h) Special contract conditions. Special contract conditions, when required in connection with a contract, in addition to the standard articles incorporated in the printed contract forms shall be incorporated into the contract by reference and/or attachment thereto. In every case, the incorporation of such terms into the contract shall be clearly stated in the basic contract form, under article 1, Scope of this Contract, on formal contracts for supplies; under article 1, Statement of Work, on formal contracts for construction; or in
the body of Standard Form 33 (Invitation to Bid and Acceptance), and Form CG-2557 (Purchase Order). The conditions shall be incorporated into the contract in a manner substantially as follows:

(1) Subject to the conditions of Form CG-2557-A, Purchase Conditions, attached hereto and forming a part of this contract, or

(2) Subject to the conditions of articles of Form CG-2557-A, Purchase Conditions, attached hereto and forming a part of this contract.

(g) Contracts to be executed by headquarters. (1) All contracts for the construction of vessels shall be executed by Headquarters.

(2) All contracts for the construction of major shore structures shall be executed by Headquarters.

(3) All contracts for amounts in excess of the monetary limitations set forth in Part 116 of this chapter shall be executed by Headquarters or under Headquarters' direction.

(4) Contracts negotiated under circumstances requiring Headquarters' action, as set forth in Part 116 of this chapter, shall be executed by Headquarters.

§ 118.03-5 Contract numbers. (a) The contracts listed below shall be numbered in accordance with the uniform system prescribed by the General Accounting Office.

(1) Every contract involving, or likely to involve, an amount of $2,000 or more.

(2) All term contracts.

(3) All contracts when more than one payment, or which involve partial payments.

(4) All leases.

(5) All sales contracts.

(b) The uniform system prescribed by the General Accounting Office requires the use of a complete symbol consisting of (1) The capital letter "T" indicating the Coast Guard activity, and (2) A numerical symbol indicating the Coast Guard district, followed by the serial number of the particular contract as prescribed below:

- T01cg-1 (the first contract executed by the 1st Coast Guard District)
- T02cg-1 (the second contract executed by the 1st Coast Guard District)
- etc.

The following units are authorized to assign contract numbers, using the identifying symbols shown herein:

- Headquarters
- 1st Coast Guard District (Boston)
- 2nd Coast Guard District (New York)
- 3rd Coast Guard District (New Orleans)
- 4th Coast Guard District (New York)
- 5th Coast Guard District (Miami)
- 6th Coast Guard District (New Orleans)
- 7th Coast Guard District (New Orleans)
- 8th Coast Guard District (New York)
- 9th Coast Guard District (New York)
- 10th Coast Guard District (Long Beach)
- 11th Coast Guard District (South Carolina)
- 12th Coast Guard District (San Francisco)
- 13th Coast Guard District (Seattle)
- 14th Coast Guard District (Hawaii)
- Training Station, Groton, Conn
- Aircraft Repair and Supply Depot, Jersey City
- Supply Depot, Jersey City, N. J.

§ 118.03-10 Acceptance and numbering of contracts. (a) Bids or quotations solicited by units which are not authorized to execute such contract shall be transmitted to District Commanders (or to the Commandant (FS-P) in the case of independent units) for acceptance and assignment of a contract number.

(b) The original and three copies of each bid or quotation shall be forwarded with a letter furnishing the following information:

(1) Necessity for the contract.
(2) The names of dealers from whom bids or quotations were solicited.
(3) Place or places where notices were posted.
(4) Names of dealers from whom bids or quotations were received.
(5) Recommendation as to award.

§ 118.03-15 Distribution of contracts. (a) Numbered contracts and change orders shall be distributed as prescribed below:

(1) Original, supported by original Standard Form 1036 when required, to the unit submitting the proposals for acceptance, to support the first payment voucher.
(2) Copy, supported by copy of Standard Form 1036 when required, to Commandant (FS-P) for transmittal to General Accounting Office.
(3) Copy, supported by copy of Standard Form 1036 when required, to Commandant (FS-P) for file.

(b) The unit submitting the proposals for acceptance shall notify unsuccessful contractors of the rejection of their proposals.

§ 118.03-20 Rejected proposals (bids and quotations). (a) The original of each rejected proposal shall be attached to the retained copy of the contract to which it is related.

(b) Copies shall be returned to the unit submitting the proposals for acceptance.

(c) The unit submitting proposals for acceptance shall notify unsuccessful dealers of the rejection of their proposals.

§ 118.03-25 Contract files. Contracts made as the result of advertising; and negotiated contracts relating to public exigency, purchases not in excess of $1,000, for personal or professional services, for services rendered by educational institutions, and for supplies or services procured and used outside the limits of the United States and its possessions; shall be filed, together with all related data, for a period of not less than 3 years from date of final payment of the contract. All other types of contracts made as the result of negotiation shall be filed, together with all determinations, decisions, findings, and related data, for a period of not less than 8 years from date of final payment of the contract.

§ 118.05—CONTRACT PROVISIONS

§ 118.05-1 Provisions to be incorporated in contracts. Every contracting officer shall insert in each contract provisions required by law or regulation.

§ 118.05-5 Officials not to benefit. Every contract shall contain the following clause:

No member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract, or to any benefits that may arise therefrom, but this provision shall not be construed to extend to any contract if made with a corporation for its general benefit.

§ 118.05-10 Covenant against contingent fees. Every contract shall contain the following clause:

Contractor warrants that he has not employed or retained any person or selling agency to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For breach of warranty the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the amount of such commission, percentage, brokerage or contingent fee the amount of any sums paid under this contract.
es, or to bona fide established commercial or selling agencies maintained by the Contractors. Whereby the Gover...

**RULES AND REGULATIONS**

§ 118.05-15 *Disputes.* (a) Every formal supply contract shall, and other supply contracts may, contain the following clause:

**Article 6. Disputes.** Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the contracting officer, subject to written appeal by the contractor or other parties thereto within thirty days to the head of the department or his duly authorized representative whose decision shall be final and conclusive upon the parties thereto. In the meantime, the contractor shall diligently proceed with performance.

(b) Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Disputes.** Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the contracting officer, subject to written appeal by the contractor or other parties thereto within thirty days to the head of the department or his duly authorized representative whose decision shall be final and conclusive upon the parties thereto. In the meantime, the contractor shall diligently proceed with the work as directed.

§ 118.05-20 *Alterations.* Every formal contract shall contain the following clause:

**Article 6. Alterations.** The following changes were made in this contract before it was signed by the parties hereto: (followed by itemization of changes made).

§ 118.05-25 *Changes.* (a) Every formal supply contract shall, and other supply contracts may, contain the following clause:

**Article 6. Changes.** Where the supplies to be furnished are to be specifically manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or indicated in the specifications, except Federal Specifications.

Changes as to shipment and packing of all supplies may also be made as to the character of the packing, increase or decrease in the amount due under this contract, or, in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. No change involving an estimated increase or decrease of more than $500 shall be ordered unless approved in writing by the head of the department or his duly authorized representative, whose decision shall be final and conclusive upon the parties thereto. In the meantime, the contractor shall diligently proceed with performance.

(b) Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Changes.** The contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the specifications of this contract and within the general scope thereof. If such changes cause an increase or decrease in the amount due under this contract, or in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing by the head of the department or his duly authorized representative. Any claim for adjustment under this article must be asserted within 10 days from the date the change is ordered: Provided, However, that the contracting officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the head of the department or his duly authorized representative, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made the dispute shall be determined as provided in the article "Disputes" hereof.

(b) Every formal supply contract shall, and other supply contracts may, contain the following clause:

**Article 6. Changes.** Except as otherwise herein provided, no charge for any extra work or material will be allowed unless the same has been ordered in writing by the contracting officer and the price stated in such order.

§ 118.05-30 *Extras.* (a) Every formal supply contract shall, and other supply contracts may, contain the following clause:

**Article 6. Extras.** Except as otherwise provided, no charge for extras will be allowed unless the same have been ordered in writing by the contracting officer and the price stated in such order.

§ 118.05-35 *Changed conditions.* Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Changed conditions.** Should the contractor encounter any condition that causes a material increase or decrease in the amount due under this contract, or in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. No change involving an estimated increase or decrease of more than $500 shall be ordered unless approved in writing by the head of the department or his duly authorized representative. Any claim for adjustment under this article must be asserted within 10 days from the date the change is ordered: Provided, However, that the contracting officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the head of the department or his duly authorized representative, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made the dispute shall be determined as provided in the article "Disputes" hereof.

§ 118.05-40 *Increase or decrease.* In cases where it is desired to accept or under deliver due to material differences, changes, etc., supply contracts may contain a clause substantially as follows:

**Article 6. Increase or decrease.** Unless otherwise specified, any variation in the quantities hereinafter listed for, not exceeding 10 percent, will be accepted as a compliance with the contract, and any material long, shipping, packing, or allowances in manufacturing processes may be adjusted accordingly.

§ 118.05-45 *Additional security.* The following clause shall be inserted in all contracts where bonds have been furnished:

**Article 6. Additional security.** Should any surety upon any bond furnished in connection with this contract become unacceptable to the Government, if any such surety shall fail to furnish reports as to his financial condition from time to time as requested by the Government, the contractor must promptly furnish such additional security as may be required from time to time to protect the interests of the surety or of such persons supplying labor or materials in the prosecution of the work contemplated by the contract.

§ 118.05-50 *Patents.* If it is deemed necessary to include an article on patents, the following clause shall be inserted in the contract:

**Article 6. Patents.** The contractor shall hold and save the Government, its officers, agents, servants, and employees, harmless from liability of any nature, kind, including costs and expenses, for or on account of any patents, or patent applications, inventions, articles, or appliance manufactured or used in the performance of this contract, including their use by the Government.

§ 118.05-55 *Other contracts.* Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Other contracts.** The Government may award other contracts for additional work, and the contractor shall fully cooperate with such other contractors and other work as may be directed by the contracting officer. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractors.

§ 118.05-60 *Permits and responsibility for work.* Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Permits and responsibility for work.** The contractor shall, without additional expense to the Government, obtain all required licenses and permits and be responsible for all claims and losses arising out of or in connection with the prosecution of the work so changed.

§ 118.05-65 *Responsibility for supplies tendered.* Every supply contract shall contain the following clause:

**Article 6. Responsibility for supplies tendered.** The contractor shall be responsible for the articles or materials covered by this contract until they are delivered at the designated point, but the contractor shall bear all risk of loss and damage after such time. Where final inspection is at point of origin but delivery by contract is at some other point, the contractor's responsibility shall continue until delivery is accomplished.

§ 118.05-70 *Superintendence by contractor.* Every formal construction contract shall, and other construction contracts may, contain the following clause:

**Article 6. Superintendence by contractor.** The contractor shall give his personal
superintendence to the work or have a competent foreman or superintendent, satisfactory to the officer having charge of the work at all times during progress, with authority to act for him.

§ 118.05-75 Payments. (a) Every supply contract shall contain the following clause:

Articles Payments. The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted by the Government, the delivery and acceptance being conditioned upon completion of all work required hereunder, the amount due to be set forth therein.

(b) If, after applying the differential, the low bid is for materials not mined, produced, or manufactured in the United States or manufactured principally from any of the items listed may be purchased without regard to the country of origin. The contract provisions prescribed in paragraphs (a) and (1) of this section need not be included in any contract for the purchase of articles, materials, or supplies exempted by this section:

Supplies to be procured for public use


(1) On purchases where the foreign bid is $100 or less, a differential of 100 percent shall apply.

(2) On purchases where the foreign bid exceeds $100, a differential of 25 percent shall apply.

(3) The above differentials are to be applied to purchases within the continental limits of the United States, exclusive of Alaska.

(b) If, after applying the differential, the low bid is for materials not mined, produced, or manufactured in the United States or manufactured principally from any of the items listed may be purchased without regard to the country of origin. The contract provisions prescribed in paragraphs (a) and (1) of this section need not be included for the purchase of articles, materials, or supplies exempted by this section:

Supplies to be procured for public use

used, or the articles, materials, supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

§ 110.85-65 Delays; damages; liquidated damages, Every formal contract shall, and other contracts may, include a clause protecting the Government against delay in completion of the contract. Two alternates are available under delay clauses.

(1) The Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a pre-determined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(2) The following clause shall be inserted (a) Every formal contract and (b) Every form of contract that shall, and other contractors may, contain the following clause when it is desired to protect the Government against delay in deliveries by assessing liquidated damages for each calendar day of delay. See paragraph (c) of this section for alternate clause wherein delay in deliveries permits termination of contract. Whenever this clause is used, it is necessary to prescribe the rate of damage in the specifications or elsewhere in the contract.

ARTICLE ----- Delays—Liquidated Damages. If the contractor fails to make deliveries of the materials or supplies within the time specified herein, or any extension thereof, the Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(1) The following clause shall be inserted, (2) The article prescribed above shall not be inserted in the contract, if the contract contains an article covering Delays—Liquidated Damages as set forth in paragraph (c) of this section. (c) Delays; damages (construction and repairs contracts): The following clause shall be inserted in all formal contracts, and may be inserted in other contracts, when it is desired to protect against delay in completion of the work. The clause permits the contracting officer, if he desires, to terminate the contract, or to permit the contractor to continue the work subject to the assessment of liquidated damages for each calendar day of delay. It is necessary to prescribe the rate of liquidated damages in the specifications or contract.

ARTICLE ----- Delays—Damages. If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified herein, or any extension thereof, the Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(1) The Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(2) The article prescribed above shall not be inserted in the contract, if the contract contains an article covering Delays—Liquidated Damages as set forth in paragraph (c) of this section. (c) Delays; damages (construction and repairs contracts): The following clause shall be inserted in all formal contracts, and may be inserted in other contracts, when it is desired to protect against delay in completion of the work. The clause permits the contracting officer, if he desires, to terminate the contract, or to permit the contractor to continue the work subject to the assessment of liquidated damages for each calendar day of delay. It is necessary to prescribe the rate of liquidated damages in the specifications or contract.

ARTICLE ----- Delays—Damages. If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified herein, or any extension thereof, the Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(1) The Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(2) The article prescribed above shall not be inserted in the contract, if the contract contains an article covering Delays—Liquidated Damages as set forth in paragraph (c) of this section. (c) Delays; damages (construction and repairs contracts): The following clause shall be inserted in all formal contracts, and may be inserted in other contracts, when it is desired to protect against delay in completion of the work. The clause permits the contracting officer, if he desires, to terminate the contract, or to permit the contractor to continue the work subject to the assessment of liquidated damages for each calendar day of delay. It is necessary to prescribe the rate of liquidated damages in the specifications or contract.

ARTICLE ----- Delays—Damages. If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified herein, or any extension thereof, the Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(1) The Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.

(2) The article prescribed above shall not be inserted in the contract, if the contract contains an article covering Delays—Liquidated Damages as set forth in paragraph (c) of this section. (c) Delays; damages (construction and repairs contracts): The following clause shall be inserted in all formal contracts, and may be inserted in other contracts, when it is desired to protect against delay in completion of the work. The clause permits the contracting officer, if he desires, to terminate the contract, or to permit the contractor to continue the work subject to the assessment of liquidated damages for each calendar day of delay. It is necessary to prescribe the rate of liquidated damages in the specifications or contract.

ARTICLE ----- Delays—Damages. If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified therein, or any extension thereof, the Government may have the work completed elsewhere and charge the defaulting contractor with the cost involved. The contractor may prescribe a predetermined amount which will be assessed as liquidated damages for each calendar day of delay. The Government may, by written notice, terminate the contract and obtain the items included in the contract clauses covering delay clauses and damages, for use in supply and construction contracts, are set forth in paragraphs (c), (d), and (e) of this section. The prescribed contract clauses shall be inserted in all formal supply contracts, elsewhere.
§ 111.55-90 Inspection. (a) Every formal construction contract shall, and other construction contracts may, contain the following clause:

ARTICLE ... Inspection. (1) All material and workmanship shall be subject to inspection, and test by the Government at any time, without additional charge, and at any and all places where such material and workmanship is or shall be manufactured, made, or produced during manufacture and/or construction and at the expense of the contractor. The Government shall have the right to reject defective material and workmanship or require its correction. Rejected workmanship shall be satisfactorily replaced with proper material within a reasonable time, and at the expense of the contractor promptly segregated and removed. Rejected material shall be satisfactorily replaced with proper material without charge therefor, and the contractor shall promptly segregate and remove the rejected material from the premises. If the contractor fails to proceed at once with the replacement of rejected material and/or the correction of defective workmanship the Government may, by contract or otherwise, replace and/or correct such articles and change to the contractor the excess cost occasioned the Government thereby, or the Government may terminate the right of the contractor to proceed as provided in this Article Delays—Damages of this contract, the contractor and surety being liable for any damage to the same extent as provided in the provisions of Article Delays—Liquidated Damages or Terminations thereunder.

(2) If inspection and test, whether preliminary, final, or made at the request of the Government, or otherwise, reveals requiring correction, shall be removed by and at the expense of the contractor promptly after notice so to do. If the contractor fails to promptly remove such articles and to proceed promptly with the replacement and/or correction thereof, the Government may, by contract or otherwise replace and/or correct such articles and charge to the contractor the excess cost occasioned thereby.

(3) Should it be considered necessary or advisable by the Government at any time before final acceptance of the entire work to inspect, examine, and test the same, without additional charge, if work so inspected and tested be found unsatisfactory, the Government shall have the right to remove such articles at the expense of the contractor, or may terminate the right of the contractor to proceed as provided in this Article Delays—Liquidated Damages or Terminations thereunder.

(4) If inspection and test, whether preliminary or final, is made on the premises of the subcontractor, the contractor shall furnish, without additional charge, all reasonable facilities, labor, and materials necessary for the safe and convenient inspection and test that may be required by the inspectors. All inspection and tests by the Government shall be performed in such manner as not unnecessarily to delay the work. Special, full-site and performance tests shall be as described in the specifications. The contractor shall be charged with any additional cost of inspection when material and workmanship is not ready at the time inspection is requested by the contractor.

(5) Final inspection and acceptance of materials and finished articles shall be made after delivery, unless otherwise stated. If final inspection is made at a point other than the premises of the contractor or subcontractor, it shall be at the expense of the Government. All inspections and tests by the Government shall be performed in such a manner as not to unduly delay the work. Special and performance tests shall be as described in the specifications. The Government reserves the right to require the contractor to remove from the work such employee as the contracting officer may determine incompetent, uncertain, or otherwise objectionable, or whose continued employment on the work is deemed by the contracting officer to be contrary to the public interest.

§ 111.55-110 Assignment of claims. Every contract in excess of $1,000 shall contain the following clause:

ARTICLE ... Assignment of claims. (1) Except as otherwise provided in this Article, no claim under this contract shall be immediately submitted to the contracting officer without whose consent the claim shall not be adjusted by the contractor, save only at his own risk and expense. The contracting officer shall furnish the contractor from time to time each such detail drawings and other information as he may consider necessary, unless otherwise stated in the contract.

§ 111.98-100 Technical material. When the contract is for technical material to be specifically manufactured, the contracting officer may, in his discretion, insert the following clause in the contract:

ARTICLE ... Technical material. No subcontract shall be made by the contractor with any other party for furnishing any of the completed or substantially completed articles, parts, or work hereinafter referred to without the written approval of the contracting officer.

§ 111.98-105 Materials and workmanship. Every formal construction contract shall, and other construction contracts may, contain the following clause:

ARTICLE ... Materials and workmanship. Unless otherwise specifically provided for in the drawings and specifications, all material, equipment, materials, and articles incorporated in the work covered by this contract are to be of the grade or quality prescribed in the specifications and drawings for the purpose for which they are to be used. Where equipment, materials, or articles are referred to in the specifications, drawings, or elsewhere as "equivalent" or "substantially standard", the contractor shall use equipment, materials, or items of like kind and quality as set forth in the specifications for the work of the design, manufacture, and shipment. The contractor shall be responsible for the same with respect to the specifications, all other pertinent information, and all the expenses of such examination and satisfactory reconstruction. If, however, such work is found to be defective in any material respect, due to fault of the contractor, the contractor shall be liable for any damage to the Government and for satisfaction of any such claims.

§ 111.98-110 Assignment of claims. Every contract in excess of $1,000 shall contain the following clause:

ARTICLE ... Assignment of claims. (1) Except as otherwise provided in this Article, payment therefor shall be made at a proper reduction in price.

§ 111.98-95 Specifications and drawings. Every construction contract shall, and other construction contracts may, contain the following clause:

ARTICLE ... Specifications and drawings. The contractor may, in the work a copy of the drawings and specifications and shall at all times give the contractor copies thereof. Anything mentioned in the specifications shall be of like effect as mentioned in the drawings. The contractor shall at all times and at the contractor's expense, procure and make at his own expense any drawings or specifications that he shall reasonably require to enable him properly to execute the work, for any amendments in specifications and drawings that are made. If, however, such amendment is made by the Government, the contractor shall be responsible for the satisfactory reconstruction.

(3) In no event shall copies of any plans, specifications, or other similar documents, relative to work which is marked "Top Secret," "Secret," "Confidential," or "Restricted," be furnished to any assignee of any claim arising under this con-
trat or to any other person not entitled to receive the same.

§ 118.05-115 Liens. When contracts provide for partial payments as the work progresses, the stipulations being subject to all applicable

ARTICLE ..... Liens. Any and all partial or advance payments made hereunder shall be secured, when made, by lien in favor of the Government. The provision for partial payments as the work progresses, the stipulations being subject to all applicable

§ 118.05-120 Eight-hour Law. (a) The Eight-hour Law (Act of 19 June, 1912) (37 Stat. 157), requires that in every contract in which it is applicable, a provision shall be inserted that no laborer or mechanic doing any part of the work contemplated by the contract, or any subcontractor engaged in the performance of the work contemplated by the contract, shall be employed on any calendar day at less than $1.18 times the basic rate of pay.

(b) The law applies to contracts which may require or involve the employment of laborers or mechanics by the prime contractor or any subcontractor, with the following exceptions:

(1) Supply contracts involving amounts in excess of $10,000. Where partial payments are subject to the provisions of the Walsh-Healey Act, (2) Contracts for transportation by land or water, or for the transmission of intelligence,

(3) Contracts for such materials or articles as may be bought in the open market, whether made to conform to particular specifications or not. This exception is interpreted as confined to contracts for materials and articles of the kind usually manufactured in standard forms, supplied to the trade generally, usually found in stock, and bought from dealers in the open market, or generally, as distinguished from other materials and articles which are not usually bought in the open market, but are usually ordered to be made.

(c) In every contract involving the employment of laborers and mechanics, the wages of every laborer and mechanic employed by the contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic daily rate of 8 hours. For each hour of overtime, the contractor shall be compensated for all hours worked in excess of 8 hours per day at not less than one and one-half times the basic rate of pay. Each violation of the requirements of this article a penalty of five dollars shall be imposed upon the contractor for each laborer or mechanic for every calendar day such employee is required or permitted to labor more than eight hours upon said work without receiving compensation for each hour over the 8 hours.

§ 118.05-125 Convict labor. (a) The public policy as to the use of convict labor in connection with Coast Guard contracts is set forth in the act of 23 Feb. 1887 (24 Stat. 411; 18 U.S. C. 708, 709), and Executive Order of 23 May, 1921, which provides in substance that all contracts shall, unless otherwise provided by law, contain a stipulation forbesoming, in the performance of such contracts, the employment of persons undergoing sentences of imprisonment at hard labor which have not been imposed by courts in the several States, Territories, or municipalities having criminal jurisdiction.

(b) The basic law applies to all Coast Guard contracts except those for the purchase of items manufactured, or services rendered, by the Federal Prison Industries, Inc.

(c) All contracts, except those to which the prohibition against use or employment of convict labor is clearly applicable, shall contain the following clause:

ARTICLE ..... Convict labor. The Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

§ 118.05-130 Nondiscrimination in employment. Any contract shall contain the following clause:

ARTICLE ..... Nondiscrimination in employment. The Contractor in performing work under this contract shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor shall include an identical provision in all of its subcontracts. For the purpose of this Article, subcontractors shall include all purchase orders, agreements to perform all or any part of the work, or to make or furnish any article, required for the performance of this contract, except purchase orders or agreements for the furnishing of standard commercial articles or raw materials.

§ 118.05-135 Walsh-Healey Act. (a) The Walsh-Healey Act applies to contracts (but not subcontracts) for the purchase of items manufactured, or services rendered, by the Federal Prison Industries, Inc., or the purchase of raw materials, supplies, articles and equipment in excess of $10,000. It also applies to work done directly by contracting firms under contracts for the furnishing of standard commercial articles or raw materials, furnishing or equipping of vessels (not to manufacture or furnishing of materials or equipment to such firms), or the process of Coast Guard contracts. There are hereby incorporated by reference the representations and stipulations as set forth in Regulations issued by the Secretary of Labor pursuant to the Walsh-Healey Public Contracts Act (Public Act No. 860, 7th Cong.,), such representations and stipulations being applicable to all applicable regulations, exceptions, variations, tolerances, determinations, and exceptions of the Secretary of Labor which are now or may hereafter be in effect.

§ 118.05-140 Davis-Bacon Act. (a) The act applies to contracts over $2,000 for construction, alteration or repair of public buildings or public works which
involve the employment of mechanics and laborers directly upon the work site.

(b) The following contracts are not covered by the act:

(1) Contracts for construction, alteration, or repair of naval and other vessels.

(2) Contracts for maintenance or repair work by crews employed on a more or less permanent basis to keep buildings or public works in workable condition.

(3) Contracts for demolition of structures.

(c) A general rule which may be employed by contracting officers in the negotiation of contracts is that a contract is subject to the provisions of the Davis-Bacon Act, if the following conditions exist:

(1) That a scale of minimum wages for every class of mechanic or laborer employed shall be set out in the specifications (in cases where specifications are advertised for bids). Prior to solicitation of bids, the contracting officer will request the contractor or subcontractor to request Comct (ECY) to furnish appropriate predetermination of wage rates to be contained in the contract.

(2) That a minimum wage scale must be included in the contract, together with the stipulation that the same will be observed in the execution of the contract.

(3) The inclusion of certain additional provisions set forth herein for the administration and enforcement of the required stipulations.

e) Contract Clause. All contracts subject to the act shall contain the following clause:

Article: Rate of wages. (In accordance with the act of August 30, 1935, 49 Stat. 1011, as amended by the act of June 15, 1940, 54 Stat. 375, and title 40, sections 376a and 376c-1). This article shall apply if the contract is in excess of $2,000 in amount and cover for the construction, alteration, and/or repair, including painting and decorating, of a public building or public work within the geographical limits of the States of the United States, the District of Columbia, the Territory of Hawaii, or the District of Columbia.

(f) There will be contained in each contract subject to the act a clause substantially as follows:

The minimum wages to be paid laborers and mechanics employed on this project, as determined by the Secretary of Labor, shall be at rates not less than those stated in the specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and such laborers and mechanics, and the scale of wages to be paid shall be posted by the contractor in a prominent and easily accessible place at the site of the work. The contractor or subcontractor shall be liable for any excess of wages required by the contract to be paid laborers and mechanics on the work and the rates of wages received by such laborers and mechanics and not refunded to the contractor, subcontractors, or their agents.

While the wage rates shown are the minimum hourly rates required by the specifications to be paid during the life of the contract, it is the responsibility of bidders to inform themselves as to the local labor conditions such as the length of workday and workweek, overtime compensation, health and welfare benefits, labor supply, and prospective changes or adjustment of wage rates. The contractor shall abide by and conform to all applicable laws, orders, rules, regulations, and orders of Federal agencies authorized to pass upon and determine wage rates. No increase in contract price shall be allowed or authorized on account of payment of wage rates in excess of those listed herein.

(g) Any class of laborers and mechanics not listed in the preceding paragraph, who may be employed on the contract shall be classified or reclassified in conformance with the foregoing schedule by mutual agreement between the contractor and said laborers and mechanics not listed in the preceding paragraph, subject to the prior approval of the contracting officer. In the event the interested parties cannot agree on the proper classification or reclassification of the particular class of laborers and mechanics to be used, the question, accompanied by the recommendation of the contracting officer, shall be referred to the Secretary of Labor for final determination:

§ 118.05-145 Copeland ("Kickback") Act. (a) The act provides that whoever shall induce any person employed in work subject to the act to give up any part of the compensation to which he is entitled under his contract of employment by force, intimidation, threat of procuring dismissal from such employment, or in any other manner whatsoever shall be fined not more than $3,000 or imprisoned not more than 5 years, or both.

(b) The act applies to contracts and subcontracts regardless of amount for the construction, prosecution, completion or repair of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States.

(c) The act does not apply to supply contracts, such contracts ordinarily being subject to the Walsh-Healey Act where the amount is in excess of $10,000; nor does it apply ordinarily to installation or maintenance work done for the account of the Government in connection with or as an incident to supply contracts.

(d) The act applies substantially to the same contracts as the Davis-Bacon Act except that the minimum limitation is not applicable to the Copeland Act.

(e) Weekly affidavit required:

(1) Each contractor or subcontractor is required to furnish each week a sworn affidavit with respect to the wages paid each of its employees.

(2) Each affidavit shall be delivered to the contracting officer within seven days after the regular payment date of the pay-roll period.

(f) Affidavits received from contractors and subcontractors shall be accumulated by the contracting officer or the contracting agency on a quarterly basis for the periods ending March 31, June 30, September 30, and December 31. At the ends of such quarterly periods, the accumulated affidavits shall be forwarded directly to the Office of the Solicitor, United States Department of Labor, Washington 25, D. C.

(g) All contracts subject to the act shall contain the following clause:

Article: Nonrate of wages. The contractor shall comply with the regulations of the Secretary of Labor pursuant to the act of June 29, 1934, 48 Stat. 948 (U. S. C., title 40, sections 376a and 376c), and any amendments or modifications thereof, shall cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and shall be responsible for the submission of affidavits required of subcontractors thereunder, except as the Secretary of Labor may specifically provide for reasonable limitations, variations, modifications, or exemptions from the requirements thereof.

§ 118.05-150 Guaranty. Guaranty provisions, as prescribed below, may be included in supply contracts where such provisions are deemed desirable by the contracting officer. The guaranty period shall ordinarily be for a period of not more than one year, preferably for 90 days or 6 months. The approval of such provisions shall not be construed as prohibiting the use of performance guarantees or other special guaranty provisions:
The contractor guarantees that at the time of delivery thereof, the articles provided for under this contract, whether from any defect or error in material or workmanship and will conform to the requirements of this contract. Notice of any such defect or nonconformance shall be given by the Government to the Contractor within ___________. (Insert period covered by guaranty) or after the date of delivery of the defective or nonconforming article. If required by the Government within a reasonable time after such notice, the Contractor shall repair or replace the defective or nonconforming article. If notice of such defect or nonconformance shall be given by the Contractor, the Government shall repair or replace the defective or nonconforming article at its own expense and the Contractor shall be reimbursed for the cost thereof. If such repair or replacement is not made within a reasonable time after such notice, the Contractor shall be entitled to resume the delivery of the defective or nonconforming article or part thereof. When such correction or replacement is made, the correct or corrected article, as the case may require, shall be noted in the contract. If the defect or nonconformance is due to the Contractor's error, the Contractor shall be liable for the cost thereof. If the defect or nonconformance is due to the Government's error, the Government shall be liable for the cost thereof.

§ 118.05-10 Transporation or freight and passengers. (a) The Motor Carrier Act of 1935 vests in the Interstate Commerce Commission jurisdiction over commercial transportation of passengers and property by motor carrier in interstate and foreign commerce. (b) Contracts covering such transportation shall contain the following clause:

ARTICLE 120—BONDS

SUBPART 120.01—Bid Bonds

GENERAL PROVISIONS

Sec. 120.01-1 Purpose.

120.01-2 Form of guaranty.

120.01-3 Custody and return of bid bonds.

SUBPART 120.02—Performance and Payment Bonds

GENERAL PROVISIONS

120.02-1 Purpose.

120.02-2 Requirement in connection with formal contracts for construction.

120.02-3 Requirement in connection with supply contracts.

120.02-4 Form of bond required.

120.02-5 Standard forms to be used.

120.02-6 Contracting officers authorized to examine and approve bonds.
§ 120.03-4 Purchase against contractor's account in event of default; approval. Headquarters' approval shall be required prior to making a purchase against a contractor's account in event of default.

§ 120.03-5 Standards for form a used. All performance bonds shall be executed on Standard Form No. 25-A.

Federal Register

§ 120.03-6 Contracting officers authorized to examine and approve bonds. (a) Upon receipt of a bond given in support of a contract, a contracting officer shall ascertain that the bond is in the penal sum required and that it properly describes the contract in support of which it was given. The contracting officer shall exercise caution to ascertain that the attorney-in-fact who executes a bond furnishes evidence to support his authority to execute the obligation. It is not necessary to refer the bond to Headquarters for approval prior to execution of the contract, provided the contracting officer determines that the bond is in the penal sum required as to sufficiency of amount, contract description, and authority of signature. Contracting officers will immediately report each bond taken in support of a contract to the Comdt. (FS-P) by letter containing the following information:

- Name of principal
- Contract description
- Bond number
- Penalty of performance bond
- Date bond effective
- Premium rate
- Name and location of projects
- Contract number
- Penalty of performance bond
- Name of surety
- Premiums

(b) Contracting officers or their representatives shall also report to Headquarters all cases where a call or demand was made upon a surety or where a contractor's delay or default was called promptly to the attention of Headquarters.

(c) In some instances it may be possible to prevent or avoid a contractor's default or delay by advising the surety of a contractor's tardiness in performance. In all cases of tardiness on contracts in support of which a bond has been taken shall be called promptly to the attention of Headquarters.

§ 120.03-7 Filing of bonds. Executed bonds shall be attached to the related contract and shall be forwarded to Headquarters as a part of the contract in accordance with the procedure prescribed in §120.03-8. Upon receipt at Headquarters, the bonds are referred to the Section of Surety Bonds, Treasury Department, for review prior to submission to the General Accounting Office.

§ 120.03-8 Consents of surety. (a) Care should be exercised in the execution of any amendment, modification or supplement to a contract which has been bonded to ascertain whether such amendment, modification or supplement will effect a release of the surety or is not included within the coverage of the bond, in either of which events the consent of the surety to such amendment, modification or supplement shall be obtained.

(b) Where consents of surety are necessary, they should be obtained in substantially the following form:

- Consent of surety is hereby given to the
- Description of amendment, modification, or supplement to which consent is given.
- And the surety agrees that its bond or bonds shall apply and extend to the contract as amended, modified or supplemented thereto.

[Seal]
Merlin O'Neill, Vice Admiral, U. S. Coast Guard, Commandant.

[F. R. Doc. 50-1696; Filed, Mar. 1, 1950; 8:50 a.m.]

Title 49—Transportation

Chapter I—Interstate Commerce Commission

Part 123—Freight Commodity Statistics

Carriers by Water

A session of the Interstate Commerce Commission, Division 1, held at its office in Washington, D. C., on the 20th day of February, A. D. 1950, by the elimination of § 123.22 thereof, and substituting the following section therefor:

§ 123.22 Items to be reported for each commodity class named in Appendix I of the order dated November 25, 1946, in the matter of freight commodity statistics, carriers by water (§§ 123.21 to 123.27), be, and it is hereby modified, effective January 1, 1950, by the elimination of § 123.22 thereof, and substituting the following section therefor:

§ 123.22 Items to be reported for each commodity class named in Appendix I of the order dated November 25, 1946, in the matter of freight commodity statistics, carriers by water (§§ 123.21 to 123.27), be, and it is hereby modified, effective January 1, 1950, by the elimination of § 123.22 thereof, and substituting the following section therefor:

(a) Number of tons (2,000 pounds) originated at Pacific Coast ports; (1) Terminated at Pacific Coast ports. (2) Terminated at Atlantic and Gulf Coast ports.

(b) Number of tons (2,000 pounds) originated at Atlantic and Gulf Coast ports; (1) Terminated at Atlantic and Gulf Coast ports. (2) Terminated at Pacific Coast ports. (3) Terminated at Great Lakes ports.

(c) Number of tons (2,000 pounds) originated at Great Lakes ports and terminated at Atlantic Coast ports.

(d) Number of tons (2,000 pounds) of all other traffic moving via: (1) Great Lakes. (2) Rivers.

(e) Total number of tons (2,000 pounds) of revenue freight carried: (1) Joint rail and water traffic. (2) All other traffic. (3) Total.

(f) Gross freight revenue (dollars): (1) Joint rail and water traffic. (2) All other traffic. (3) Total.

(64 Stat. 944; 49 U. S. C. 913)

It is further ordered, That a copy of this order shall be served upon every Class A and Class B carrier by water,
subject to the provisions of Parts I and III of the Interstate Commerce Act, and upon every receiver, trustee, executor, administrator, or assignee of any such carrier by water; and notice of this order shall be given to the general public by depositing a copy thereof in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director of the Division of the Federal Register.

**Objectives may be filed.** Any interested party may file a written statement of reasons why the said modification should not become effective as provided above. Unless otherwise ordered after consideration of such objections, the said modifications shall become effective as herein ordered.

By the Commission, Division 1.

[Seal]

W. P. Bartel,
Secretary.

[F. R. Doc. 50-1706; Filed, Mar. 1, 1950;
9:52 a. m.]

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**PROPOSED RULE MAKING**

**FEDERAL TRADE COMMISSION**

[16 CFR, Part 62]

[File No. 21-129]

**COMMERCIAL COLD STORAGE INDUSTRY**

**NOTICE OF HOLDING OF TRADE PRACTICE CONFERENCE**

Notice is hereby given that a trade practice conference, under the auspices of the Federal Trade Commission, will be held for the Commercial Cold Storage Industry in the Congress Hotel, Chicago, Illinois, March 23, 1956, commencing at 10 a. m., e. s. t.

All persons, firms, corporations and organizations engaged in the business of renting, leasing or otherwise providing refrigerated storage space for foods and other products, issuing warehouse receipts for such products, and in supplying services and facilities in connection with such storage, are cordially invited to attend or send representatives to the conference and to take part in the proceedings.

The conference and further proceedings in the matter will be directed toward the eventual establishment and promulgation by the Commission of trade practice rules for the industry under which unfair methods of competition, unfair or deceptive acts or practices, and other trade abuses, may be eliminated and prevented.

Issued: February 27, 1950.

By direction of the Commission.

[Seal]

D. C. Daniel,
Secretary.

[F. R. Doc. 50-1701; Filed, Mar. 1, 1950;
8:51 a. m.]

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**NOTICES**

**DEPARTMENT OF THE INTERIOR**

**Bureau of Land Management**

**NEVADA**

**CLASSIFICATION ORDER**

**FEBRUARY 10, 1959.**

1. Pursuant to the authority delegated to me by the Director of the Bureau of Land Management, by Order No. 319 dated July 19, 1948 (43 CFR 50.651 (b) (3), 15 F. R. 4279), I hereby classify under the Small Tract Act of June 1, 1938 (52 Stat. 699), as amended July 14, 1945 (59 Stat. 667, 43 U. S. C. section 822a), as hereinafter indicated, the following described land in the Nevada land district, embracing approximately 920 acres.

**NEVADA SMALL TRACT CLASSIFICATION ORDER**

For lease and sale for homesites only:

T. 22 S., R. 61 E., M. D. M.,
Sec. 30, W. 1/4.

The land is situated in Clark County, Nevada, 12 miles south of the City of Las Vegas, Nevada. Las Vegas is one of the largest towns in the State of Nevada and has all of the usual facilities, such as schools, churches, hospitals, business establishments, etc. The land is adjacent to the main Las Vegas-Los Angeles highway. It is in an area famous for recreational activities, and the climate is considered ideal for a winter resort standpoint. Summer temperatures are quite high.

2. As to applications regularly filed prior to 9:30 a. m., August 29, 1949, and for the type of site for which the land is classified, this order shall become effective upon the date it is signed.

3. As to the land not covered by applications referred to in paragraph 2, this order shall not become effective to permit leasing under the Small Tract Act until 10:00 a. m., April 14, 1950. At that time such land shall, subject to valid existing rights, become subject to application as follows:

(a) Ninety-day preference period for qualified veterans of World War II from 10:00 a. m., April 14, 1950, to the close of business on July 13, 1950.

(b) Advance period for veterans' simultaneous filings from 9:30 a. m., August 29, 1949, to 10:00 a. m., April 14, 1950.

4. Any of the land remaining unappropriated shall become subject to application under the Small Tract Act by the public generally, commencing at 10:00 a. m., July 14, 1950.

(a) Advance period for simultaneous nonpreferential filings from 9:30 a. m., August 29, 1949, to 10:00 a. m., July 14, 1950.

5. Applications filed within the periods mentioned in paragraphs 3 (b) and 4 (a) will be treated as simultaneously filed.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in § 161.28 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish like proof in support of their claims. Persons asserting preference rights, through settlement or otherwise, and those having equitable claims, shall accompany their applications by duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

6. All of the land will be leased in tracts of approximately 5 acres, each being approximately 330 by 660 feet, the longer dimension to extend east and west.

7. Preference right leases referred to in paragraph 2 will be issued for the land described in the application irrespective of the direction of the tract, provided the tract conforms to or is made to conform to the area and the dimension specified in paragraph 3.

8. Where only one five-acre tract in a ten-acre subdivision is embraced in a preference right application, an application for the remaining five-acre tract extending in the same direction will be accepted in order to fill out the subdivision notwithstanding the direction specified in paragraph 6.

9. Leases will be for a period of five years at an annual rental of $6.00 payable for the entire lease period in advance of the issuance of the lease. Leases will contain an option to purchase clause at the appraised value of $100.00 per tract, application for which may be filed at or after the expiration of one year from date the lease is issued.

10. Leases will be subject to rights-of-way for road purposes and public utilities, as follows:

- 33 feet along the north side of the N1/2 NW1/4
- 33 feet along the east side of the E1/2 W1/4
FRIDAY, March 2, 1950

33 feet along the south side of the SW\%NW\%,
36 feet along the west side of E\%W\%N\%W\%,
16 feet along the east side of W\%W\%N\%W\%,
16 feet along the south side of N\%NW\%W\%N\%W\%,
80 feet along the north side of SW\%W\%N\%W\%,
36 feet along the north side of SW\%W\%N\%W\%.

Tracts along the west side of the subdivision will be subject to a 206-foot State highway right-of-way.

Such rights-of-way may be utilized by the Federal Government, or the state, county, or municipality in which the tract is situated, or by any agency thereof. The rights-of-way may, in the discretion of the officer of the Bureau of Land Management, be definitely located prior to the issuance of the patent. If not so located, they may be subject to location after patent is issued.

11. All inquiries relating to these lands should be addressed to the Acting Manager, Nevada Land and Survey Office, Reno, Nevada.

L. T. HOFFMAN,
Regional Administrator.

NEVADA
CLASSIFICATION ORDER

FEBRUARY 17, 1950.

1. Pursuant to the authority delegated to me by the Director, Bureau of Land Management, by Order No. 319 dated July 21, 1948 (43 CFR 50.451 (b) (3), 13 F. R. 4278), I hereby classify under the Small Tract Act of June 1, 1928 (52 Stat. 609), as amended July 14, 1945 (59 Stat. 467, 43 U.S.C. section 662a), as hereinafter indicated, the following described land in the Nevada land district, embracing approximately 80 acres.

2. As to applications regularly filed prior to 10:00 a.m., November 24, 1948, and for the type of site for which the land is classified, this order shall become effective upon the date it is signed.

3. As to the land not covered by applications referred to in paragraph 2, this order shall not become effective to permit leasing under the Small Tract Act until 10:00 a.m., April 21, 1950. At that time such land shall, subject to valid existing rights, become subject to application as follows:

(a) Ninety-day preference period for qualified veterans of World War II from 10:00 a.m., April 21, 1950, to 10:00 a.m., April 21, 1950.

(b) Advance period for simultaneous nonpreference filings from 10:00 a.m., November 24, 1948, to 10:00 a.m., July 21, 1950.

(c) Advance period for veterans' simultaneous filings from 10:00 a.m., November 24, 1948, to 10:00 a.m., July 21, 1950.

(d) Advance period for simultaneous filings from 10:00 a.m., November 24, 1948, to 10:00 a.m., July 21, 1950.

(e) Applications filed within the periods mentioned in paragraphs (b) and (c) will be treated as simultaneous filings.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge as defined in §181.36 of Title 38 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly his honorable discharge. Other persons claiming credit for service of veterans must furnish proof in support of their claims. Persons asserting preference rights, through settlement of veterans' claims, therefore having equitable claims, shall accompany their applications my duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

4. Any of the land remaining unappropriated shall become subject to application under the Small Tract Act by the public generally, commencing at 10:00 a.m., July 21, 1950.

(a) Advance period for simultaneous nonpreference filings from 10:30 a.m., November 12, 1948, to 10:00 a.m., July 21, 1950.

5. Applications filed within the periods mentioned in paragraphs (b) and (c) will be treated as simultaneous filings.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in §141.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish proof in support of their claims. Persons asserting preference rights, through settlement of veterans' claims, therefore having equitable claims, shall accompany their applications my duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

6. Any of the land remaining unappropriated shall become subject to application under the Small Tract Act by the public generally, commencing at 10:00 a.m., July 21, 1950.

(a) Advance period for simultaneous nonpreference filings from 10:30 a.m., November 12, 1948, to 10:00 a.m., July 21, 1950.

5. Applications filed within the periods mentioned in paragraphs (b) and (c) will be treated as simultaneous filings.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in §141.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish proof in support of their claims. Persons asserting preference rights, through settlement of veterans' claims, therefore having equitable claims, shall accompany their applications my duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

7. Preference right applications referred to in paragraph 2 will be issued for the land described in the application irrespective of the direction of the tract, provided the tract conforms to or is made to conform to the area and the dimensions specified in paragraph 6.

8. Where only one five-acre tract in a ten-acre subdivision is embraced in a preference right application, an application for the remaining five-acre tract extended in the same direction will be accepted in order to fill out the subdivision notwithstanding the direction specified in paragraph 6.

9. Leases will be for a period of five years at an annual rental of $5.00 payable for the entire lease period in advance of the issuance of the lease.

Leases will contain an option to purchase clause at the appraised value of $10.00 an acre, application for which may be filed at or after the expiration of one year from date the lease is issued.

10. Tracts will be subject to rights-of-way for access roads and public utilities as follows:

33 feet along the north and west sides of the SW\%NW\%,
16 feet along the east side of E\%W\%N\%W\%,
16 feet along the south side of E\%W\%N\%W\%,
16 feet along the east side of N\%NW\%W\%N\%W\%.

Such rights-of-way may be utilized by the Federal Government, or the State, county, or municipality in which the tract is situated, or by any agency thereof. The rights-of-way may, in the discretion of the authorized officer of the Bureau of Land Management, be definitely located prior to the issuance of the patent. If not so located, they may be subject to location after patent is issued.

11. All inquiries relating to these lands should be addressed to the Acting Manager, Nevada Land and Survey Office, Reno, Nevada.

L. T. HOFFMAN,
Regional Administrator.

FEBRUARY 17, 1950.

1. Pursuant to the authority delegated to me by the Director, Bureau of Land Management, by Order No. 319 dated July 21, 1948 (43 CFR 50.451 (b) (3), 13 F. R. 4278), I hereby classify under the Small Tract Act of June 1, 1928 (52 Stat. 609), as amended July 14, 1945 (59 Stat. 467, 43 U.S.C. section 662a), as hereinafter indicated, the following described land in the Nevada land district, embracing approximately 80 acres.

2. As to applications regularly filed prior to 10:15 a.m., November 24, 1948, and are for the type of site for which the land is classified, this order shall become effective upon the date it is signed.

3. As to the land not covered by applications referred to in paragraph 2, this order shall not become effective to permit leasing under the Small Tract Act until 10:00 a.m., April 21, 1950. At that time such land shall, subject to valid existing rights, become subject to application as follows:

(a) Ninety-day preference period for qualified veterans of World War II from 10:00 a.m., April 21, 1950, to the close of business on July 20, 1950.

(b) Advance period for simultaneous nonpreference filings from 10:30 a.m., November 12, 1948, to 10:00 a.m., July 21, 1950.

(c) Advance period for veterans' simultaneous filings from 10:00 a.m., November 24, 1948, to 10:00 a.m., July 21, 1950.

3. Applications filed within the periods mentioned in paragraphs (b) and (c) will be treated as simultaneous filings.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in §141.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish proof in support of their claims. Persons asserting preference rights, through settlement of veterans' claims, therefore having equitable claims, shall accompany their applications my duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

4. Any of the land remaining unappropriated shall become subject to application under the Small Tract Act by the public generally, commencing at 10:00 a.m., July 21, 1950.

(a) Advance period for simultaneous nonpreference filings from 10:30 a.m., November 12, 1948, to 10:00 a.m., July 21, 1950.

5. Applications filed within the periods mentioned in paragraphs (b) and (c) will be treated as simultaneous filings.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in §141.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish proof in support of their claims. Persons asserting preference rights, through settlement of veterans' claims, therefore having equitable claims, shall accompany their applications my duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.
A veteran shall accompany his application with a complete photostatic, or other satisfactory evidence of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in § 181.36 of Title 42 of the Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service and the character of service. Veterans must furnish like proof in support of their claims. Persons asserting preference rights, through settlement or otherwise, and those having equable claims, shall accompany their applications with duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

6. All of the land will be leased in tracts of approximately 5 acres, each tract being approximately 330 by 660 feet, the longer dimension of which will be treated as simultaneously extending north and south.

7. Preference right leases referred to in paragraph 2 will be issued for the land described in the application irrespective of the direction of the tract, provided the tract conforms to or is made to conform to the area and the dimension specified in paragraph 6.

8. Where only one five-acre tract in a ten-acre subdivision is embraced in a preference right application, an application for the remaining five-acre tract extending in the same direction will be accepted in order to fill out the subdivision notwithstanding the direction specified in paragraph 6.

9. Leases will be for a period of five years at an annual rental of $5.00 payable for the entire lease period in advance of the issuance of the lease. Leases will be for a period of five years at an annual rental of $5.00 payable for the entire lease period in advance of the issuance of the lease.

10. All inquiries relating to these lands should be addressed to the Acting Manager, Nevada Land and Survey Office, Reno, Nevada.

L. T. Hoffman,
Regional Administrator.

DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
Rushville Livestock Commission Co., et al.

NOTICE RELATIVE TO POSTED STOCKYARDS

Notice is hereby given that after inquiry and after consideration of all relevant matter presented pursuant to the notice of proposed posting and rule making published in the Federal Register September 15, 1949, November 22, 1949, November 25, 1949, and December 6, 1949 (14 F.R. 5653, 7185, 7226 and 7490), it has been ascertained by me, pursuant to section 302 of the Packers and Stockyards Act, 1921 (7 U.S.C. 202) that the stockyards named below are stockyards within the definition of that term contained in section 302 of said act and are, therefore, subject to the provisions of said act, and notice has been given to the owners of said stockyards and to the public by posting notice at said stockyards as
required by section 302 of said act. The names of the stockyards, their addresses and the dates on which notice was given are as follows:

Pender Livestock Commission
Co., Pender, Neb. — Jan. 11, 1950

Sioux City Live Stock Com­
mission, Harrison, Neb. — Jan. 10, 1950

Sidney Livestock Sales Pavilion,
Sidney, Neb. — Jan. 10, 1950

Blair Livestock Sales Co., Blair,
Neb. — Jan. 20, 1950

Spalding Livestock Market,
Spalding, Nebr. — Jan. 27, 1950

Pender Livestock Sales Co., Pender,
Neb. — Jan. 26, 1950

Ewing Livestock Market, Ewing,
B. & B. Commission Co., Ral­
"or, Nebr. — Jan. 26, 1950

Burwell Livestock Market, Bur­
well, Nebr. — Jan. 28, 1950

Laurel Sales Co., Inc., Laurel
Neb. — Jan. 24, 1950

Republican Valley Livestock
Auction, Franklin, Nebr. — Jan. 21, 1950

Hebron Livestock Com­
mission, Hebron, Nebr. — Feb. 1, 1950

Culbertson Sales Barn, Culber­
tson, Nebr. — Feb. 2, 1950

Minden Livestock Sales Co.,
Minden, Nebr. — Feb. 1, 1950

Swanson Sales Barn, Arthur,
Neb. — Feb. 6, 1950

N. & B. Commission Co., Ra­
vonias, Nebr. — Feb. 8, 1950

Theodore Livestock Sales Co.,
Theodore, Nebr. — Feb. 7, 1950

Fawhams Auction (formerly the
Cassie Livestock Sales Co.,
Inc.), Pawhuska, Okla. — Jan. 12, 1950

The Packers and Stockyards Act provides for specified time after the posting of notice at the stockyards for market agencies, dealers and stockyard owners to register and qualify for the operation of their businesses under that act and makes the stockyard subject to the provisions of that act after the posting of notice at the stockyard. There appears to be no good reason to defer the effective date of the foregoing notice in view of that fact. Therefore, it has been determined that good cause exists to make this notice, and it shall be, effective upon publication in the Federal Register, subject to the provisions of the Packers and Stockyards Act.

Done at Washington, D. C., this 24th day of February, 1950.

[SEAL] PRESTON RICHARDS,
Acting Director, Livestock Branch, Production and Mar­
etine Administration.

[F. R. Doc. 50-1668; Filed, Mar. 1, 1950; 8:46 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 3719 et al.]

PIONEER AIR LINES, INC., ET AL.; CERTIFICATE RENEWAL CASE

NOTICE OF OPENED HEARING

In the matter of a renewal and amendment of the temporary certificate of public convenience and necessity for route No. 64 held by Pioneer Air Lines, Inc.; and the temporary suspension, in part, of the certificate of public convenience and necessity for route No. 29 held by Continental Air Lines, Inc.; for route No. 8 held by Braniff Airways, Inc., and for route No. 4 held by American Airlines, Inc.

Notice is hereby given that pursuant to the Civil Aeronautics Act of 1938, as amended, particularly section 401 thereof, the above-entitled reopened proceeding is assigned for hearing on March 15, 1950 at 10:00 a. m., e. s. t., in Room E-214, Temporary Building No. 5, Sixteenth and Constitution Avenue NW., Washington, D. C., before Examiner James M. Verner.

The reopened hearing as ordered by the Civil Aeronautics Board is for the limited purpose of permitting the Public Counsel to offer in evidence the appendices to his brief filed in support of exceptions to the report of the Examiner herein, and of permitting cross-examination and the presentation of rebuttal testimony and exhibits solely with respect to such appendices.

For further details of the issues involved in this reopened proceeding the parties are referred to the various orders entered in this proceeding which are on file with the Civil Aeronautics Board.

Notice is further given that any person other than parties of record desiring to be heard in this reopened proceeding shall file with the Board on or before March 15, 1950, a statement setting forth issues of fact or law raised by the Board’s order reopening this proceeding which he desires to controvert.


By the Civil Aeronautics Board.

[SEAL] M. C. McALLIGAN,
Secretary.

[F. R. Doc. 50-1706; Filed, Mar. 1, 1950; 8:54 a. m.]

FEDERAL POWER COMMISSION

[Docket No. E-6255]

EMPIRE DISTRICT ELECTRIC CO.
ORDER POSTPONING HEARING

FEBRUARY 23, 1950.

The Commission having considered the telegraphic application of Empire District Electric Company, filed February 20, 1950, for a postponement of the hearing in the above entitled matter to enable the Company to prepare and submit supplementary data.

The Commission orders:

The hearing now set to commence on February 27, 1950, be and the same is hereby postponed to a date to be hereafter fixed by the Commission.

Date of issuance: February 24, 1950.

By the Commission.

[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1699; Filed, Mar. 1, 1950; 8:50 a. m.]

SOUTHWESTERN POWER ADMINISTRATION

NOTICE OF ORDERS CONFIRMING AND APPROVING RATE SCHEDULES

FEBRUARY 24, 1950.

Notice is hereby given that, on February 30, 1950, the Federal Power Commission issued its orders entered February 17, 1950, confirming and approving rate schedules in the above-designated matter.

[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1684; Filed, Mar. 1, 1950; 8:47 a. m.]

EL PASO NATURAL GAS CO.
NOTICE OF FINDINGS AND ORDER ISSUING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

FEBRUARY 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Commission issued its findings and order entered February 21, 1950, issuing a certificate of public convenience and necessity in the above-designated matter.

[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1679; Filed, Mar. 1, 1950; 8:46 a. m.]

EAST TENNESSEE NATURAL GAS CO.
NOTICE OF ORDER RELATING TO PIPE PURCHASE ORDERS AND CONSTRUCTION CONTRACTS SUBMITTED IN RESPONSE TO COMMISSION’S ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

FEBRUARY 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Commission issued its order entered February 21, 1950, relating to pipe purchase orders and construction contracts submitted in response to Commission’s order of February 2, 1948, in the Federal Register on February 6, 1948 (13 F. R. 561), issuing certificate of public convenience and necessity in the above-designated matter.

[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1677; Filed, Mar. 1, 1950; 8:46 a. m.]

NOTICE OF ORDER RELATING TO PIPE PURCHASE ORDERS AND CONSTRUCTION CONTRACTS SUBMITTED IN RESPONSE TO COMMISSION’S ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

FEBRUARY 24, 1950.


[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1678; Filed, Mar. 1, 1950; 8:46 a. m.]

EAST TENNESSEE NATURAL GAS CO.
NOTICE OF ORDER FURTHER AMENDING ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

FEBRUARY 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Commission issued its order entered February 21, 1950, further amending order of February 2, 1948 (13 F. R. 561), issuing certificate of public convenience and necessity in the above-designated matter.

[SEAL] J. H. GUTRIDGE,
Acting Secretary.

[F. R. Doc. 50-1675; Filed, Mar. 1, 1950; 8:46 a. m.]

[2]
NOTICES

PHILLIPS PETROLEUM CO. AND INDEPENDENT
NATURAL GAS CO.

ORDER CONSOLIDATING PROCEEDINGS

February 21, 1950.

On February 21, 1949, Independent Natural Gas Company (Independent) filed, at Docket No. G-1172, an application requesting permission of the Commission to abandon its Lodi Compressor Station in Cass County, Texas, and to discontinue its sale of gas to Arkansas Louisiana Gas Company (Arkansas Louisiana) from the Twitty Compressor Station under contract dated September 21, 1939, and designated as Independent's Rate Schedule FPC No. 2, as more fully set out in said application on file with the Commission and open to public inspection. Due notice of such application has been given, including publication in the Federal Register on March 5, 1949 (14 F.R. 927).

On October 23, 1949, the Commission instituted an investigation of the natural gas operations of Phillips Petroleum Company (Phillips), which proceedings are designated as Docket No. G-1148. On February 9, 1950, the Commission issued its "Order Specifying Issues and Fixing Date of Hearing" in Docket No. G-1148, ordering that a public hearing be held commencing at 10:00 a.m. c.s.t. on March 20, 1950, in the Federal Court Room, U. S. Post Office Building, Bartlesville, Oklahoma, respecting all matters and issues set forth in said order and in the Commission's order of investigation entered October 28, 1948. Due notice of said order of February 9, 1950, has been given, including publication in the Federal Register on February 15, 1950 (15 F.R. 831-832).

It appears from information submitted to the Commission in connection with Independent's application in Docket No. G-1172, and from information submitted to the Commission by its Staff in the investigation in Docket No. G-1148, that Independent has abandoned the operation and sale of gas which is the subject of its application, and that Phillips now, and has been for several months past, operating said Lodi Compressor Station and making sales and deliveries of natural gas to Arkansas Louisiana under an interm contract between Phillips and Arkansas Louisiana.

It further appears that Independent is a wholly-owned subsidiary of Phillips.


Date of issuance: February 23, 1950.

By the Commission.

[SEAL]

J. H. GUTRIE, Acting Secretary.

[F. R. Doc. 50-1680; Filed, Mar. 1, 1950; 8:46 a. m.]

MICHIGAN-WISCONSIN PIPE LINE CO. AND MICHIGAN CONSOLIDATED GAS CO.

NOTICE OF ORDER ALLOWING FIRST REVISED SHEET NO. 1 TO INTERIM RATE SCHEDULE TO TAKE EFFECT

February 24, 1950.

Notice is hereby given that, on February 17, 1950, the Federal Power Commission issued its order entered February 17, 1950, allowing First Revised Sheet No. 1 to "Interim" Rate Schedule to take effect as of February 17, 1950, in the above-designated matter.

[SEAL]

J. H. GUTRIE, Acting Secretary.

[F. R. Doc. 50-1688; Filed, Mar. 1, 1950; 8:47 a. m.]

COLORADO INTERSTATE GAS CO.

NOTICE OF ORDER VACATING SUSPENSION AND ACCEPTING STATEMENT FOR FILING

February 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Commission issued its order entered February 21, 1950, in the above-designated matter, vacating suspension of Colorado Interstate Gas Company FPC Gas Tariff, Original Volume No. 2, published in the Federal Register on November 16, 1949 (14 F.R. 6799), and accepting for filing the statement relative to provisions of contract dated October 15, 1951.

[SEAL]

J. H. GUTRIE, Acting Secretary.

[F. R. Doc. 50-1677; Filed, Mar. 1, 1950; 8:46 a. m.]

EAST TENNESSEE NATURAL GAS CO.

ORDER AMENDING ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

February 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Commission issued its order entered February 21, 1950, amending the order issued November 15, 1949, published in the Federal Register on November 20, 1949 (14 F.R. 714), issuing certificate of public convenience and necessity in the above-designated matter.

[SEAL]

J. H. GUTRIE, Acting Secretary.

[F. R. Doc. 50-1677; Filed, Mar. 1, 1950; 8:46 a. m.]

CONSOLIDATED GAS UTILITIES CORP.

ORDER FIXING DATE OF HEARING

February 21, 1950.

On December 29, 1949, Consolidated Gas Utilities Corporation (Applicant), a Delaware corporation having its principal place of business in Oklahoma City, filed an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing it to operate and utilize that portion of its transmission pipe line facilities extending from a point in The Elk City, Oklahoma Oil Field, Beckham County, Oklahoma, approximately 16 miles in a northerly direction to a point of connection with its 14-inch main transmission line in Roger Mills County, Oklahoma, and thence in a westerly direction to its Twitty Compressor Station in Wheeler County, Texas, for the purpose of rendering a natural gas transportation service to United Gas Pipe Line Company (United) in the transportation of natural gas from Elk City, Oklahoma oil field, to Applicant's Twitty Compressor Station in Wheeler County, Texas; and authorizing it to sell surplus gas to United.

Temporary authorization to operate the requested facilities was granted by the Commission on January 5, 1950. Applicant has requested that its application be heard under the non-contested procedure provided for by § 1.32 (b) of the Commission's rules of practice and procedure; and no request to be heard or protest has been filed subsequent to the giving of due notice of the filing of the application, including publication in the Federal Register on January 13, 1950 (15 F.R. 234-235).

The Commission finds: This proceeding is a proper one for disposition under the provisions of § 1.32 (b) of the Commission's rules of practice and procedure. The Commission orders:

(A) Pursuant to authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Commission's rules of practice and procedure, a public hearing be held on March 6, 1950, at 8:00 a.m., c.s.t., in the Hearing Room of the Federal Power Commission, 1860 Pennsylvania Avenue N.W., Washington, D. C., concerning the matters involved and the issues presented by such application: Provided, however, That the Commission may, after a non-contested hearing, forthwith dispose of the proceeding pursuant to the provisions of § 1.32 (b) of the Commission's rules of practice and procedure.

(B) Interested State commissions may participate as provided by §§ 1.3 and 1.37 (f) of said rules of practice and procedure.

Date of issuance: February 23, 1950.

By the Commission.

[SEAL]

J. H. GUTRIE, Acting Secretary.

[F. R. Doc. 50-1683; Filed, Mar. 1, 1950; 8:47 a. m.]

NEWELL A. CLARK

NOTICE OF AUTHORIZATION PURSUANT TO SECTION 201 (b) OF THE FEDERAL POWER ACT

February 24, 1950.

Notice is hereby given that, on February 23, 1950, the Federal Power Com-
mission issued its order entered February 21, 1950, in the above-designated matter, authorizing Applicant to hold certain positions pursuant to section 205 (d) of the Federal Power Act.

[SEAL]
J. H. GUTHRIE,
Acting Secretary.

[F. R. Doc. 50-1676; Filed, Mar. 1, 1950; 8:40 a.m.]

GENERAL SERVICES ADMINISTRATION

REVOCATION OF DELEGATION OF AUTHORITY TO SECRETARY OF DEFENSE

TARIFF NO. TRUNK LINE-CPA-R-1; ICC NO. 143

1. Pursuant to the provisions of sections 201 (a) (4) and 205 (d) and (e) of the Federal Property and Administrative Services Act of 1949, Public Law 152, 81st Congress, and pursuant to arrangements between officials of the Department of Defense and the General Services Administration, the authority delegated to the Secretary of Defense by Delegation of Authority dated January 20, 1950 (15 F. R. 468) to appear as witnesses and counsel for the executive agencies of the Federal Government in the matter of proposed Tariff No. Trunk Line CPA-R-1; ICC No. 143 before the Interstate Commerce Commission hereby is revoked.

2. This revocation is effective February 23, 1950.

[SEAL]
JESS LARSON,
Administrator.

[F. R. Doc. 50-1693; Filed, Mar. 1, 1950; 8:30 a.m.]

INTERSTATE COMMERCE COMMISSION

[8. O. 844, Special Directive 34A]

CHESAPEAKE AND OHIO RAILWAY CO.

FURNISHING CARS FOR LOCOMOTIVE FUEL COAL TO DESIGNATED MINES ON ITS LINES

Upon further consideration of the provisions of Service Order No. 844 (14 F. R. 7765) and good cause appearing therefor: It is ordered, That Special Directive No. 34 under Service Order No. 844 be, and it is hereby suspended effective 4:00 p.m., February 24, 1950.

A copy of this special directive shall be served on the Chesapeake and Ohio Railway Company through the Car Service Division of the Association of American Railroads and notice of this directive shall be given the public by depositing a copy in the office of the Secretary of the Commission, Washington, D. C., and by filing it with the Director of the Division of the Federal Register.

Issued at Washington, D. C., this 24th day of February A. D. 1950.

INTERSTATE COMMERCE COMMISSION.

HOMER C. KING,
Director, Bureau of Service.

[F. R. Doc. 50-1707; Filed, Mar. 1, 1950; 9:50 a.m.]

FEDERAL REGISTER

[4th Sec. Application 24894]

COAL FROM ARKANSAS TO CHICAGO, ILL.

APPLICATION FOR RELIEF

FEBRUARY 27, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for and on behalf of carriers parties to his tariff I. C. C. No. 3763.

Commodities involved: Coal and articles taking same carloads.

From: Points in Greenwood, Ark. group.

To: Chicago, Ill.

Grounds for relief: Circuitous routes.

Schedules filed containing proposed rates: D. Q. Marsh's tariff I. C. C. No. 3763, Supplement 89.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

By the Commission, Division 2.

[SEAL]
W. P. BARTEL,
Secretary.

[F. R. Doc. 50-1703; Filed, Mar. 1, 1950; 8:51 a.m.]

IRON ON STEEL PIPE FROM WOOSTER, OHIO, TO SOUTHWEST

APPLICATION FOR RELIEF

FEBRUARY 27, 1950.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for and on behalf of carriers parties to his tariff I. C. C. No. 3748.

Commodities involved: Steel or wrought iron pipe and related articles, carloads.

From: Wooster, Ohio.

To: Points in the Southwest.

Grounds for relief: Competition with railroad carriers and circuitous routes.

Schedules filed containing proposed rates: D. Q. Marsh's tariff I. C. C. No. 3748, Supplement 58.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

By the Commission, Division 2.

[SEAL]
W. P. BARTEL,
Secretary.

[F. R. Doc. 50-1704; Filed, Mar. 1, 1950; 8:51 a.m.]

CLAY FROM SOUTH TO WESTERN TRUNK LINE TERRITORY

APPLICATION FOR RELIEF

FEBRUARY 27, 1950.

The Commission is in receipt of the above-entitled and numbered applica-
tions for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by R. E. Boyle, Jr., Agent, for and on behalf of the parties to the application for the consent of the Commission, No. 809.

Commodities involved: Clay, kaolin or pyrophyllite, carloads.

From: Points in the South.

To: Points in Western Trunk Line territory.

Grounds for relief: Competition with rail carriers and circuitous routes.

Schedules filed containing proposed rates: C. A. Spannger's tariff I. C. C. No. 809, Supplement 131.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 1.

[SEAL.]

W. P. Bartel, Secretary.

[P. R. Doc. 50-1709; Filed, Mar. 1, 1950; 8:52 a.m.]

SECURITIES AND EXCHANGE COMMISSION

SPECIAL OFFERING PLAN

EXTENDING TIME OF EFFECTIVENESS

The Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, particularly sections 10 (b) and 23 (a) thereof and 12b-10 (2) (d) (Rule X-10B-2 (d) thereunder), deeming it necessary for the exercise of the functions vested in it, and having due regard for the public interest and for the protection of investors, does hereby declare the special offering plans of the New York Stock Exchange, the New York Curb Exchange and the San Francisco Stock Exchange, as now effective, to be effective until the close of business on April 29, 1950, on condition that if at any time it appears to the Commission necessary or appropriate in the public interest or for the protection of investors so to do, the Commission may suspend or otherwise dispose of the effectiveness of any or all of said plans by sending at least ten days' written notice to the respective Exchange.

The Commission for good cause finds that public notice and public procedure as specified in sections 4 (a) and (b) of the Administrative Procedure Act are unnecessary since the above special offering plans are similar to plans hereinafter declared effective for such Exchanges; and the Commission finds further that paragraph (d) of Rule X-10B-2 (d) and the action taken have the effect of granting exemption and, therefore, such action may be effective immediately.

Dated: February 24, 1950.

By the Commission.

[SEAL.]

Orval L. DeBois, Secretary.

[P. R. Doc. 50-1684; Filed, Mar. 1, 1950; 8:47 a.m.]

INDIANA & MICHIGAN ELECTRIC CO.

NOTICE OF FILING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C. on the 24th day of February A. D. 1950.

Notice is hereby given that Indiana & Michigan Electric Company ("Indiana & Michigan"), an electric utility subsidiary of American Gas & Electric Company, a registered holding company, has filed an application pursuant to the Public Utility Holding Company Act of 1935, and has designated Section 6 thereof as applicable to the proposed transactions which are summarised as follows:

Indiana & Michigan proposes to borrow from time to time prior to December 31, 1950, sums not to exceed in the aggregate $5,000,000 from the banks named below and in the amounts shown:

<table>
<thead>
<tr>
<th>Name of bank</th>
<th>Address</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irving Trust Co.</td>
<td>New York, N. Y.</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Guaranty Trust Co.</td>
<td>Chicago, Ill.</td>
<td>1,500,000</td>
</tr>
<tr>
<td>New York</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bankers Trust Co.</td>
<td>Chicago, Ill.</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mellon National Bank &amp; Trust Co.</td>
<td>Pittsburgh, Pa.</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

Such borrowings will be evidenced by promissory notes dated as of the date of the borrowings, maturing no later than nine months after the date of issuance, and bearing interest at the then current prime credit rate. The application states that the initial borrowings will be in the aggregate amount of $2,900,000, will be made on or about April 1, 1950, and will bear interest at the current prime credit rate, which the company is informed by the banks now extending credit to its subsidiary, Indiana & Michigan, will be 2% per annum. Subsequent borrowings will bear interest at the then current prime credit rate.

Indiana & Michigan agrees that at least ten days prior to each borrowing subsequent to the initial borrowing it will file an amendment herein, setting forth the amount of said borrowing and annual interest rate thereon. It requests that such amendments become effective ten days after the filing thereof, provided no action is taken with respect thereto within such ten-day period by the Commission.

The application states that the proceeds from the proposed borrowings will be used in connection with the construction program of Indiana & Michigan, which the company estimates will entail the expenditure of approximately $36,000,000 during the years 1950 and 1951.

It is further stated that the notes now proposed to be issued will be repaid from the proceeds of permanent financing to be issued later in the year. In this connection, reference is made to the previous commitment of American Gas to invest $10,000,000 in the common stock of Indiana & Michigan out of the proceeds from the sale of common stock by American Gas contemplated this year. (American Gas and Electric Company, B. E. C. — 1949, Holding Company Act Release No. 3224).

Applicant requests that the order herein be issued as promptly as may be practicable and that such order become effective forthwith upon its issuance.

Notice is further given that any interested person may, not later than March 8, 1950, at 5:30 p.m., e. s. t., request that he be notified if the Commission, Rule 73, hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues, if any, of fact or law raised by said application, which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed to the Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. Any time after March 9, 1950, at 3:30 p. m., e. s. t., said application as filed, or as amended, may be granted as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rule U-20 and Rule U-130 thereof. All interested persons are referred to said application which is on file with the Commission for a statement of the transactions therein proposed.

By the Commission.

[SEAL.]

Orval L. DeBois, Secretary.

[P. R. Doc. 50-1685; Filed, Mar. 1, 1950; 8:47 a.m.]

CROWN WESTERN INVESTMENTS, INC.

NOTICE OF APPLICATION

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 24th day of February A. D. 1950.

Notice is hereby given that Crown Western Investments, Inc., a registered investment company (hereinafter called "Crown Western"), has filed an application pursuant to section 6 (e) of the Investment Company Act of 1940 for an order of the Commission exempting from the provisions of section 22 (d) of the act the offering of shares of Crown Western at a price below the normal offering price under the circumstances hereinafter described.

Crown Western was organized under the laws of the State of Delaware and is registered under the act as a diversified management, open-end investment company. The public offering price of its shares is a sum equal to the net
asset value of the shares plus a sales load of 8½% of the offering price and which is subject to the quantity discount shown in the following table on the sale of shares involved in a particular transaction.

| Value of shares involved | Discount from offering price | Sales tax payable
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 to $9,999</td>
<td>6</td>
<td>3 or 5</td>
</tr>
<tr>
<td>$10,000 to $49,999</td>
<td>5</td>
<td>3 or 5</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>4</td>
<td>3 or 5</td>
</tr>
<tr>
<td>$100,000 to $499,999</td>
<td>2 or 3</td>
<td>3 or 5</td>
</tr>
<tr>
<td>$500,000 and up</td>
<td>2</td>
<td>2 or 3</td>
</tr>
</tbody>
</table>

However, if a purchaser already owns shares of Crown Western, the value of such shares is added to the value of the shares about to be purchased and the sales load applicable to the shares about to be purchased is calculated according to the aggregate value of all shares. This is in effect affording the purchaser who already owns shares of Crown Western a discount from the normal offering price, if the added value of the shares already owned by him results in placing the transaction in a category to which a lower sales load is applicable.

On the other hand, section 22 (d) of the act, which is applicable in the premises, provides as follows:

A registered investment company shall sell any redeemable security issued by it to any person except either to or through a principal underwriter for distribution or at a company's offering price described in the prospectus, and, if such class of security is being currently offered to the public by or through an underwriter, no principal underwriter of such security and no dealer shall sell any such security to any person except a dealer, a principal underwriter or the issuer, except at a current public offering price described in the prospectus: Provided, however, that nothing in this subsection shall prevent a sale made (i) pursuant to an offer of exchange permitted by section 11 hereof including any offer made pursuant to clause (1) or (2) of section 11 (b); (ii) pursuant to an offer made solely to all registered holders of the securities or of a particular class or series of securities by the company proportionately to their holdings or proportionate to any cash distribution made to them by the company (subject to appropriate qualifications designed solely to avoid issuance of fractional securities); or (iii) in accordance with rules and regulations of the Commission made pursuant to subsection (b) of section 12.

It would appear therefore that the offering of shares to a purchaser who already owns shares of Crown Western in the manner described above, may involve an offering of its shares below the normal offering price, in contravention of the provisions of section 22 (d) of the act. Therefore, Crown Western has filed the instant application for an order of the Commission exempting such method of calculating the sales load from said provisions of the act.

All interested persons are referred to said application which is on file in the offices of the Commission for a detailed statement of the proposed transaction and questions of fact and law asserted.

Notice is further given that an order granting the application may be issued by the Commission on or at any time after March 8, 1950 unless prior thereto a hearing upon the application is ordered by the Commission, as provided in Rule N-6 of the rules and regulations promulgated under the act. Any interested person may submit to the Commission in writing, not later than March 8, 1950, at 5:00 p.m., his views or any additional facts bearing upon the application or the desirability of a hearing thereon, or a request to the Commission that a hearing be held thereon. Any such communication or request should state briefly the nature of the interest of the person submitting such information or requesting a hearing, the reasons for such request, and the issue of fact or law raised by the application which he desires to controvert. Any such communication or request should be addressed to the Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C.

By the Commission.

[SEAL] ORVAL L. DUBois,
Secretary.

[F. R. Doc. 50-1686; Filed, Mar. 1, 1950; 8:18 a.m.]

[File No. 70-2311]

NORTHAMPTON ELECTRIC LIGHTING CO. AND NEW ENGLAND ELECTRIC SYSTEM ORDER GRANTING APPLICATION

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 21st day of February A. D. 1950, New England Electric System ("NEES"), a registered holding company and its subsidiary company, Northampton Electric, Lighting and Liquefied Gas Company ("Northampton"), having filed an application pursuant to the Public Utility Holding Company Act of 1935, particularly section 6 (b) of the act and Rule U-42 (b) (2) promulgated thereunder, regarding the following proposed transactions:

Northampton proposes to issue and sell for cash to NEES 1,500 shares of additional Capital Stock (par value $100 per share) having an aggregate par value of $120,000. Such additional shares are to be offerred to NEES, the sole stockholder of Northampton, at a price of $400 a share, an aggregate of $480,000. NEES proposes to acquire such shares and will use available cash for such purpose.

Northampton is indebted to NEES in the amount of $150,000. Such indebtedness consists of advances and notes of which $100,000 bears interest at the rate of 3% per annum and the remainder is non-interest bearing. Northampton also presently has outstanding $330,000 of 7% promissory notes which mature May 31, 1961. The notes carry the privilege of prepayment in part, and Northampton proposes to use the proceeds from the proposed stock sale to pay off this indebtedness.

The Massachusetts Department of Public Utilities has approved the issue and sale by Northampton of the additional shares of Capital Stock at the price of $400 a share.

Incidental services in connection with the proposed transactions by Northampton and NEES will be performed by New England Power Service Company, an affiliated service company, at the actual cost thereof. The cost to Northampton and NEES of such services is estimated not to exceed $1,000 and $200, respectively. Total expenses to be borne by Northampton are estimated at $1,192.

It is ordered, Pursuant to Rule U-23 and the applicable provisions of the Public Utility Holding Company Act of 1935, that said application be, and the same hereby is, granted forthwith, subject to the terms and conditions prescribed in Rule U-24.

By the Commission.

[SEAL] ORVAL L. DUBois,
Secretary.

[F. R. Doc. 50-1630; Filed, Feb. 28, 1950; 8:46 a.m.]
NOTICES

Quincy has outstanding promissory notes in the amount of $300,000 bearing an interest rate of 2% per annum and maturing May 31, 1851. The notes carry the privilege of prior payment in whole or in part.

Quincy proposes to use the proceeds from the sale of additional shares of capital stock to retire its note indebtedness, aggregate $300,000 as indicated in the preceding paragraph.

The Massachusetts Department of Public Utilities has approved the issue by Quincy of the additional shares of capital stock at $80 a share.

Incidental services in connection with the proposed transactions by Quincy and NEES will be performed by New England Power Service Company, an affiliated service company, at the actual cost thereof. The cost to Quincy and NEES of such services is estimated not to exceed $1,000 and $300, respectively. Total expenses to be borne by Quincy are estimated at $3,150.

Applicants request that the Commission's order become effective upon the issuance of the same, hereby is, granted forthwith, subject to the terms and conditions contained in Rule U-24 and the applicable provisions of said order.

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property located in Washington, D.C., including all royalties accrued thereon and all damages and profits recoverable for past infringement thereof, after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., and Property

Lounge Marie Renée Simone Ossola

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of publication hereof, the following property located in Washington, D.C., including all royalties accrued thereon and all damages and profits recoverable for past infringement thereof, after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., and Property