AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

federal register

TUESDAY, AUGUST 17, 1971
WASHINGTON, D.C.

Volume 36 ■ Number 159

Pages 15507–15729

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Compiled by Office of the Federal Register, National Archives and Records Service, General Services Administration

Order from: Superintendent of Documents
U.S. Government Printing Office,
Washington, D.C. 20402

FEDERAL REGISTER

Area Code 202 Phone 962-8626

Published daily, Tuesday through Saturday (no publication on Sundays, Mondays, or on the day after an official Federal holiday), by the Office of the Federal Register, National Archives and Records Service, General Services Administration, Washington, D.C. 20408, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U.S.C., Ch. 15), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President (1 CFR Ch. I). Distribution is made only by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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There are no restrictions on the republication of material appearing in the FEDERAL REGISTER or the CODE OF FEDERAL REGULATIONS.

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Title 3—The President

PROCLAMATION 4073

National Employ The Handicapped Week, 1971

By the President of the United States of America

A Proclamation

From Beethoven, who could not hear but gave the world magnificent symphonies, to Franklin Roosevelt, who could not walk but led America through giant strides in peace and war, history is full of proof that the whole of human potential is far greater than the sum of its physical parts—limbs or organs or faculties.

It was in recognition of this truth, and of the Hebrew wisdom that "the best alms are . . . to enable a man to dispense with alms," that the President's Committee on Employment of the Handicapped was established 24 years ago. For nearly a quarter century now, business, government, and the public have worked together as partners in this Committee—to open a newly self-reliant and fulfilling way of life for many thousands of handicapped men and women, and to unlock for the rest of us the benefits of the unique contribution each handicapped person has to make. Through such efforts, American society is learning that no handicap is insurmountable when a man has an unlimited view of himself and an ounce of help from his fellows.

This is a record to be proud of—and to build on still more energetically. Our responsibility to help provide training, jobs, and real opportunity for those who are handicapped as a result of accidents, birth defects, or disease, is a continuing challenge. In addition, we bear today the special trust of redeeming the sacrifices of our disabled veterans of the Vietnam era by giving them the very best in rehabilitation and employment assistance.

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, in accordance with the joint resolution of Congress approved August 11, 1945, as amended (36 U.S.C. 155),

designating the first full week of October of each year as National Employ the Handicapped Week, do hereby call upon the people of the United States to observe the week beginning October 3, 1971, for such purpose.

I urge the Nation's Governors, mayors, and all other public officials, as well as leaders in every area of American life, to join with the handicapped themselves in active participation in this observance.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of August, in the year of our Lord nineteen hundred seventy-one, and of the Independence of the United States of America the one hundred ninety-sixth.

Richard Nixon

[FR Doc.71-12046 Filed 8-13-71;4:39 pm]

Rules and Regulations

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 900—INTERGOVERNMENTAL PERSONNEL ACT GRANT PROGRAM

Under date of May 25, 1971 (F.R. Doc. 71-6248), a notice of proposed rule making was issued relative to a guide and guidelines concerning operations relating to the grant program administered by the Commission under the Intergovernmental Personnel Act of 1970. Subsequent to that notice, it was decided to replace the basic regulatory material in the guide and guidelines with regulations. These regulations are in the new Part 900 set forth hereinafter. By reason of the fact that the substance of the regulatory material in the new Part 900 was covered by the notice of May 25, 1971, it has been found that good cause exists that the rule making procedure is unnecessary relative to the new Part 900 which is accordingly, effective August 19, 1971.

Subpart A—General Provisions

Sec.
900.101 Purpose of the grant program.
900.102 Definitions.
900.103 Advisory guidelines and Information.
900.104 Administrative organization.

Subpart B—Grants

900.201 Use of grants.
900.202 Grant procedures.
900.203 Grant administration.

Subpart C—Funds

900.301 Allocation of funds.

AUTHORITY: The provisions of this Part 900 issued under sec. 503 84 Stat. 1926.

Subpart A—General Provisions

§ 900.101 Purpose of the grant program.

The purpose of the grant program is to assist State and local governments by strengthening their staffs through improved personnel administration and through training and development of their employees and officials consistent with the merit principles stated in section 2 of the Act.

§ 900.102 Definitions.

In this part:

(a) "Act" means the Intergovernmental Personnel Act of 1970, 84 Stat. 1909.

(b) "Other organization" has the meaning given that term by section 304 of the Act.

(c) "State", "local government", and "general local government" have the meaning given to those terms by section 502 and section 506(b)(5) of the Act.

§ 900.103 Advisory guidelines and information.

Information for the fiscal administration of grants awarded under the Act and this part and for grant application procedures are in the "IPA Grant Administration Handbook" and the "Guidelines for the IPA Grant Program" which are available from the Bureau of Intergovernmental Personnel Programs, U.S. Civil Service Commission, 1900 E. Street, NW., Washington, DC 20415, or from the regional offices of the Commission at the following locations:

Atlanta Merchandise Mart, 240 Peachtree Street NW., Atlanta, GA 30303.
Post Office and Courthouse Building, Boston, Mass. 02109.
Main Post Office Building, 433 West Van Buren Street, Chicago, IL 60607.
1100 Commerce Street, Dallas, TX 75202.
Building 20, Denver Federal Center, Denver, Colo. 80225.
Federal Building, 26 Federal Plaza, New York, NY 10007.
Customhouse, Second and Chestnut Streets, Philadelphia, PA 19106.
3004 Federal Office Building, First Avenue and Madison Street, Seattle, WA 98104.
Federal Building, Post Office Box 36010, 450 Golden Gate Avenue, San Francisco, CA 94102.
1256 Federal Building, 1520 Market Street, St. Louis, MO 63103.

§ 900.104 Administrative organization.

(a) *Bureau of Intergovernmental Personnel Programs.* The Bureau of Intergovernmental Personnel Programs of the Commission has, under the direction of the Executive Director, the responsibility of administering the programs authorized by the Act.

(b) *Regional office organization.* Each regional office of the Commission has, under the direction of the regional director, a Division of Intergovernmental Personnel Programs which is responsible for administering the programs authorized by the Act within the jurisdiction of the region.

Subpart B—Grants

§ 900.201 Use of grants.

A grant under the Act may be used:

(a) To strengthen personnel administration of States and local governments;

(b) to train and educate professional, administrative, and technical employees and officials of State and general local governments;

(c) to support programs providing for Government Service Fellowships for State and local government personnel; and

(d) to improve particular aspects of State and local government personnel administration as authorized by the Act.

§ 900.202 Grant procedures.

(a) A grant application shall be submitted to the regional office of the Commission having jurisdiction over the area where the party submitting the application is located as specified in the "Guidelines for the IPA Grant Program." When the party submitting the application is located in the metropolitan area of Washington, D.C., the grant application shall be submitted to the Bureau of Intergovernmental Personnel Programs, U.S. Civil Service Commission, 1900 E Street NW., Washington, DC 20415.

(b) An application submitted by a combination of States or general local governments which are located in different Commission regions should be sent to the regional office in whose area the specific jurisdiction which will have primary responsibility and authority for the administration of the approved program and project is located.

§ 900.203 Grant administration.

(a) A grantee shall make such reports as may be requested by the Commission under section 504 of the Act. The Commission reserves the right to audit and to evaluate performance or program success.

(b) A grantee shall maintain such fiscal control and fund accounting procedures as required by the Commission, and shall grant access to records as provided by section 505 of the Act.

Subpart C—Funds

§ 900.301 Allocation of funds.

(a) *Formula.* The Commission shall allocate the total amount of funds available for grants as required by section 506 of the Act; and shall publish in the FEDERAL REGISTER the formulae required by sections 506(b)(1) and (2) of the Act.

(b) *Effect of allocation.* Allocations made under this section do not constitute a grant of funds; they are a statement of the initial availability of grant funds to a State and of the percentage of each State's allocation initially available to meet the needs of the State government and of local governments in the State.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] JAMES C. SPRY,
Executive Assistant to the Commissioners.

[FR Doc.71-12016 Filed 8-16-71;8:57 am]

Title 7—AGRICULTURE

Subtitle A—Office of the Secretary of Agriculture

[Amdt. 27]

PART 5—DETERMINATION OF PARITY PRICES

Papayas

The regulations of the Secretary of Agriculture with respect to the determination of the parity prices (21 F.R.

761, as amended; 7 CFR 5.1–5.6) are amended as hereinafter specified, effective July 30, 1971, in order to include papayas (Hawaii), for fresh consumption in the list of commodities for which parity prices shall be calculated. The need for parity prices on papayas arises from a marketing order program that became effective May 15, 1971. Marketing season average prices will be used for the purpose of calculating adjusted base prices for this commodity, since it is not practicable to determine the average prices received by farmers on a calendar year basis.

1. In § 5.2, the paragraph under the centerhead "Deciduous and other Fruit" is amended to read as follows:

§ 5.2 Marketing season average price data.

* * * * * *

DECIDUOUS AND OTHER FRUIT

Apples for processing; apricots for fresh consumption; apricots for processing (except dried); dried apricots; avocados; blackberries; boysenberries; gooseberries; loganberries; black raspberries; red raspberries; youngberries; tart cherries; sweet cherries; cranberries; dates; grapes, raisins, dried; all grapes excluding raisins, dried; nectarines for fresh consumption, nectarines for processing; olives for processing (except crushed for oil); olives, crushed for oil; olives for canning; papayas (Hawaii), for fresh consumption; peaches for fresh consumption; clingstone peaches for processing (except dried); freestone peaches for processing (except dried); dried peaches; pears for fresh consumption; pears for processing (except dried); dried pears; plums (California), for fresh consumption; plus (California), for processing; dried prunes (California); prunes and plums (excluding California), for processing (except dried); strawberries for fresh consumption; and strawberries for processing.

* * * * *

2. In § 5.4, the paragraph under the centerhead "Deciduous and Other Fruit" is amended to read as follows:

§ 5.4 Commodities for which parity prices shall be calculated.

* * * * * *

DECIDUOUS AND OTHER FRUIT

Apples (primarily for fresh use); apples for processing; apricots for fresh consumption; apricots for processing (except dried); dried apricots; avocados; blackberries; boysenberries; gooseberries; loganberries; black raspberries; red raspberries; youngberries; tart cherries; sweet cherries; cranberries; dates; grapes, raisins, dried; all grapes, excluding raisins, dried; nectarines for fresh consumption; nectarines for processing; olives for processing (excluding crushed for oil); olives, crushed for oil; olives for canning; papayas (Hawaii), for fresh consumption; peaches for fresh consumption; clingstone peaches for processing (except dried); freestone peaches for processing (except dried); dried peaches; pears for fresh consumption; pears for processing (except dried); dried pears; plums (California), for fresh consumption; plums (California), for processing; dried prunes (California); prunes and plums (excluding California), for processing (except dried); strawberries for fresh consumption; and strawberries for processing.

* * * * * *

(Sec. 301, 52 Stat. 38, as amended; 7 U.S.C. 1301)

Done at Washington, D.C., this 12th day of August 1971.

RICHARD E. LYNG,
Acting Secretary.

[FR Doc.71-11951 Filed 8-16-71;8:56 am]

Chapter VII—Agricultural Stabilization and Conservation Service (Agricultural Adjustment), Department of Agriculture

SUBCHAPTER B—FARM MARKETING QUOTAS AND ACREAGE ALLOTMENTS

PART 722—COTTON

Subpart—Upland Cotton Set-Aside Program for Crop Years 1971–73

The provisions of §§ 722.801 to 722.822 are issued pursuant to the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.). These provisions govern the Upland Cotton Set-Aside Program for the 1971, 1972, and 1973 crops of cotton under section 103 of the Act, as amended by the Agricultural Act of 1970, Public Law 91-524, 84 Stat. 1358, approved November 30, 1970.

Sec.

722.801 Applicability.
722.802 Definitions.
722.803 Administration.
722.804 Requirements for eligibility.
722.805 Set-aside acres.
722.806 Designation, use, and care of set-aside acreage.
722.807 Farm conserving base.
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722.814 Division of payment.
722.815 Additional provisions relating to tenants and sharecroppers.
722.816 Successors-in-interest.
722.817 Scheme or device and fraudulent representation.
722.818 Setoffs and assignments.
722.819 Reconstitution of farms.
722.820 Performance based upon advice or action of county or State committee.
722.821 Supervisory authority of State committee.
722.822 Delegation of authority.

AUTHORITY: The provisions of this subpart issued under sec. 103, 84 Stat. 1374, 7 U.S.C. 1444.

§ 722.801 Applicability.

(a) The regulations in this subpart provide terms and conditions for the upland cotton set-aside program for the 1971 through 1973 crops of upland cotton, respectively, under which payments are made to producers who set aside acreage to approved conservation uses and, in addition, maintain the acreage of cropland on the farm devoted in preceding years to soil-conserving uses (herein called "conserving base"), except to the extent that they elect to devote the set-aside acreage to approved alternate crops in lieu of conserving uses. The regulations governing the establishment of farm base acreage allotments for the 1971, 1972, and 1973 crops of upland cotton are also contained in this Part 722 (36 F.R. 4853, as amended).

(b) If the operator of the farm elects to participate in the program, payments shall be made available to the producers on such farm only if such producers set aside in accordance with this subpart an acreage on the farm equal to the number of acres stated on Form ASCS-378, Intention to Participate and Payment Application (herein called "Form 378").

(c) In accordance with section 101 of the Agricultural Act of 1970 and the regulations in Part 795 of this chapter, the total amount of payments which a person shall be entitled to receive annually under the program shall not exceed $55,000.

(d) The program is applicable in all of the upland cotton producing counties of the United States.

§ 722.802 Definitions.

In the regulations in this subpart and in all instructions, forms, and documents in connection therewith, the words and phrases defined in this section shall have the meanings assigned to them herein unless the context or subject matter otherwise requires.

(a) "Acreage planted to cotton" means the acreage seeded to cotton plus stub cotton acreage on the farm in the current year.

(b) "Alternate crop" means any of the crops which may be produced on the acreage set aside from production under the conditions specified in § 722.812(h).

(c) "Conservation Reserve Program" means the program authorized under the Soil Bank Act, as amended, Part 750 of this chapter, as amended.

(d) "Cropland Adjustment Program" means the program authorized under title VI of the Food and Agriculture Act of 1965, as amended, Part 751 of this chapter, as amended.

(e) "Cropland Conversion Program" means the program authorized under section 16(e) of the Soil Conservation and Domestic Allotment Act, as amended, Part 751 of this chapter, as amended.

(f) "Current year" means the calendar year in which the cotton crop with respect to which payment may be made under this subpart would normally be harvested.

(g) "Farm base acreage allotment" means the base acreage allotment for upland cotton established for the farm under section 350 of the Agricultural Adjustment Act of 1938, as amended, and the regulations governing base acreage allotments for the 1971, 1972, and 1973 crops of upland cotton, this Part 722, as amended.

(h) "Feed Grain Set-Aside Program" means the program authorized under title V of the Agricultural Act of 1970, Part 775 of this chapter, as amended.

(i) "Marketing year" means the 12-month period beginning August 1 of the current year and ending July 31 of the succeeding year.

(j) "Regional Conservation Programs" means the program set forth in Part 755 of this chapter, as amended.

(k) "Small farm" means a farm on which the farm base acreage allotment is 10 acres or less, or on which the yield used in making payments times the farm base acreage allotment is 5,000 pounds or less, and for which the farm base acreage allotment has not been reduced under section 350(f) of the Agricultural Adjustment Act of 1938, as amended: *Provided*, That a farm otherwise qualifying as a small farm shall not be considered a small farm if such farm came within the foregoing definition as a result of the transfer of base acreage allotment which first became effective for the current crop year.

(l) "Wheat Set-Aside Program" means the program authorized under title IV of the Agricultural Act of 1970, Part 728 of this chapter, as amended.

(m) In the regulations in this subpart and in all instructions, forms, and documents in connection therewith, all other words and phrases shall have the meanings assigned to them in the regulations governing reconstitution of farms, allotments, and bases, Part 719 of this chapter, as amended.

§ 722.803 Administration.

(a) The program will be administered under the general supervision of the Administrator, ASCS (Executive Vice President, CCC), and shall be carried out in the field by Agricultural Stabilization and Conservation State and county committees (herein called "State and county committees") and ASCS commodity offices.

(b) State and county committees, ASCS commodity offices, and representatives and employees thereof do not have authority to modify or waive any of the provisions of the regulations in this subpart, as amended or supplemented.

§ 722.804 Requirements for eligibility.

(a) *General.* A person is eligible to participate in the program if he is a producer on a farm which meets the requirements of paragraph (b) of this section and he fulfills the requirements of paragraph (c) of this section.

(b) *Farm requirements.* (1) A Form 378 must be filed for the farm by the operator in accordance with § 722.811.

(2) An acreage of cropland not less than the required set-aside acreage specified in § 722.805 must be set-aside from production for the current year: *Provided*, That a producer whose payments under the program are reduced because of the $55,000 payment limitation may request a downward adjustment in the set-aside requirement pursuant to the provisions in Part 795 of this chapter.

(3) The acreage set-aside from production as stated on Form 378 must be devoted to one or more of the approved conservation uses specified in Part 792 of this chapter, as amended, or to alternate crops specified in § 722.812(h), and the operator must comply with the limitations on the use of such acreage also specified in such part.

(4) In addition to the acreage referred to in subparagraph (3) of this paragraph, an acreage equal to the conserving base established for the farm under Part 792 of this chapter, as amended, must be devoted to one or more of the conservation uses also specified in such part. Acreage designated as set-aside or diverted under any other Federal acreage reduction program shall not be counted toward maintaining the conserving base unless authorized in the regulations governing such program or Part 792 of this chapter, as amended.

(5) In the case of any farm participating in the Conservation Reserve Program, Cropland Conversion Program, Cropland Adjustment Program, or Regional Conservation Programs, the acreage of upland cotton and other nonconserving crops other than approved alternate crops on acreage set aside under this program, the Wheat Set-Aside Program, and the Feed Grain Set-Aside Program plus the acreages set aside under such programs, shall not exceed the smallest number of acres of nonconserving crops permitted under the Conservation Reserve, Cropland Conversion, Cropland Adjustment, and the Regional Conservation Programs.

(6) Land owned by the Federal Government which has been leased subject to restrictions prohibiting the production of cotton, or requiring the use of the land for other purposes, or prohibiting the receipt of Federal payments for diversion or set-aside of such acreage shall not be eligible for participation in the program. Any other land owned by the Federal Government which is being occupied without a lease, permit, or other right of possession or land in a nationl wildlife refuge shall not be eligible for participation in the program.

(c) *Producer eligibility requirements.* (1) The producer must be a person who shares in the upland cotton crop, or the proceeds thereof, in the current year on a farm meeting the requirements of paragraph (b) of this section or who would have shared in the commodity if upland cotton had been produced on such farm in the current year.

(2) A minor will be eligible to participate in the program only if (i) the right of majority has been conferred on him by court proceedings; or (ii) a guardian has been appointed to manage his property and the applicable documents are signed by the guardian; or (iii) a bond is furnished under which a surety or sureties guarantees to protect the Commodity Credit Corporation from any loss incurred for which the minor would be liable had he been an adult. Notwithstanding the foregoing, payment may be made to a minor after December 31 of the current year upon a determination by the county committee that the minor has met the requirements of the program.

§ 722.805 Set-aside acres.

A set-aside of cropland is required (not to exceed 28 percent of the farm base acreage allotment) when the Secretary determines that the total supply of agricultural commodities will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

(a) For 1971, the set-aside requirement shall be 20 percent of the farm base acreage allotment.

(b) For 1972 and 1973, the set-aside requirement shall be announced by amendment to this subpart.

§ 722.806 Designation, use, and care of set-aside acreage.

The regulations governing the designation, use, and care of set-aside acreage are set forth in Part 792 of this chapter, as amended.

§ 722.807 Farm conserving base.

The regulations governing the establishment and maintenance of the farm conserving base. Part 792 of this chapter, as amended, are applicable to the upland cotton set-aside program.

§ 722.808 Farm yield and payment rates.

(a) *Farm yield.* The per acre farm yield for upland cotton for the current year shall be the average yield for the farm determined on the basis of the actual yields per harvested acre for the 3 preceding years, except that the 1970 farm projected yield shall be substituted in lieu of the actual yields for the years 1968 and 1969: *Provided*, That the actual yields shall be adjusted by the county committee in accordance with instructions issued by the Deputy Administrator for abnormal yields in any year caused by drought, flood, or other natural disaster: *Provided further*, That the average yield established for the farm for any year shall not be less than the yield used in making payments for the preceding year if the total cotton production on the farm in such preceding year is not less than the yield used in making payments for the farm for such preceding year times the farm base acreage allotment for such preceding year (for the 1970 crop, the farm domestic allotment).

(b) *Payment rates.* (1) The regular payment rate for upland cotton shall be at such rate per pound as, together with the national average market price for Middling 1-inch upland cotton (micronaire 3.5 through 4.9) in the designated spot markets during the first 5 months of the marketing year for the crop, the Secretary determines will be equal to the greater of 35 cents or 65 per centum of the parity price for upland cotton as of the beginning of the marketing year, except that the rate of payment so determined for the 1972 crop and the 1973 crop, respectively, shall be adjusted by multiplying the amount thereof by the ratio of the national base acreage allotment for the 1971 crop to the national base acreage allotment for the crop for which the rate is being determined.

(2) The small farm payment rate shall be 30 per centum of the regular payment rate as established in accordance with subparagraph (1) of this paragraph.

(3) The regular per acre farm payment rate shall be determined by multiplying the farm yield established as provided in paragraph (a) of this section by the payment rate established in accordance with subparagraph (1) of this paragraph.

(4) The preliminary per acre farm payment rate shall be determined by multiplying the farm yield established as provided in paragraph (a) of this section by 15 cents.

§ 722.809 Notice of base acreage allotment, conserving base, yield and payment rate.

Each operator of a farm which has a farm base acreage allotment shall be notified in writing of such base acreage allotment, the conserving base, the farm yield, and the preliminary per acre farm payment rate.

§ 722.810 Appeals.

A producer may obtain reconsideration and review by the county committee of determinations made under this subpart in accordance with the appeal regulations, Part 780 of this chapter, as amended.

§ 722.811 Intention to participate in the program.

(a) *Who may file.* A Form 378 must be filed by the operator of an eligible farm if he wishes to participate in the program.

(b) *Where to file.* Form 378 shall be filed with the office of the county committee having jurisdiction over the county where the farm is located.

(c) *When to file.* Form 378 shall be filed within the period authorized by the Deputy Administrator. Notwithstanding the foregoing, the closing date may be extended by the county committee if the producers on the farm establish to the satisfaction of the county committee that they intended to participate in the program and their failure to file by such date was not due to the fault or negligence of the producers.

(d) *Withdrawal and revision.* The operator may withdraw Form 378 by filing a written notice of withdrawal of the form with the county committee, except that the form may not be withdrawn after the operator certifies to program acreage which is found by measurement to be erroneous by an amount exceeding the tolerance, if any, authorized under provisions of Parts 718 and 791 of this chapter, as amended. If Form 378 is withdrawn, the producers on the farm may, not later than the closing date, file a new Form 378. If the farm is reconstituted or if a revised allotment notice is issued for any reason, the operator shall have 15 days after the mailing date of such notice of reconstitution or revised base acreage allotment to file a new Form 378.

§ 722.812 Payments.

(a) Before any payment is made to a producer, the producer must sign Form 378. All producers eligible to share in the payments shall execute Form 378 before preliminary payments are approved in order that the proper division of payment may be determined except that if a producer refuses to sign or because of his absence from the community is unavailable to sign, the county committee may approve payments to other producers upon a determination that the division of payment is fair and equitable and that there has otherwise been compliance with the requirements of the program.

(b) Except as otherwise provided herein and in Part 791 of this chapter, as amended, payment shall not be made for a farm or to a producer when there is failure to comply fully with the regulations in this subpart.

(c) The total regular payments with respect to a farm shall be determined by multiplying the regular per acre farm payment rate as determined in accordance with § 722.808(b)(3) by the acreage planted to cotton within the farm base acreage allotment: *Provided*, That any farm planting not less than 90 percent of the farm base acreage allotment shall be deemed to have planted the entire amount of such allotment. For purposes of this paragraph, an acreage on the farm which the county committee determines in accordance with instructions issued by the Deputy Administrator was not planted to cotton because of flood, drought, or other natural disaster, or a condition beyond the control of the producer shall be deemed to be planted to cotton.

(d) A preliminary payment shall be made to producers as soon as practicable after July 1 of the year in which the crop is harvested. The preliminary payment shall be determined by multiplying the acreage planted to cotton within the farm base acreage allotment as determined in accordance with paragraph (c) of this section by the preliminary per acre farm payment rate as determined in accordance with § 722.808(b)(4). The payment so made shall not be reduced if the rate as finally determined in § 722.808(b)(3) is less than the rate of the preliminary payment.

(e) Subject to the provisions of the payment limitation regulations in Part 795 of this chapter, the total earned regular payment due each eligible producer under the program shall be determined by multiplying the total earned regular payment for the farm by the producer's share of such payment.

(f) A producer on a small farm who resides on the farm and derives his principal income from cotton produced on the farm shall also be eligible for a small farm payment. Such payment shall be determined by multiplying the small farm payment rate as determined in accordance with § 722.808(b)(2) by the producers' share of the cotton actually produced on the farm within the farm base acreage allotment.

(g) Notwithstanding any other provision of this subpart, cotton acreage which is determined by the county committee to have been planted or cared for in an unworkmanlike manner without the expectation of producing a normal crop under usual conditions shall not be counted as planted to cotton acreage.

(h) Part or all of the acreage set aside under § 722.804(b)(2) may be devoted to approved alternate crops. If a producer elects to devote the set-aside acreage to approved alternate crops, a reduction shall be made in the payments otherwise computed for the farm.

(1) For 1971, the approved alternate crops are castor beans, crambe, guar, mustard seed, plantago ovato, safflower, sesame, and sunflower. The per acre reduction for set-aside acerage devoted to approved alternate crops is $10.

(2) For 1972 and 1973, the approved alternate crops and payment reduction rates will be announced by amendment to this subpart.

(i) Notwithstanding any other provision of this subpart, if an acreage that receives prevented planting or failed acreage credit for purposes of computing payments is planted to another nonconserving crop or designated as set-aside acreage, the producers on the farm have failed to comply fully with the program. For such failure, the payment rate per pound otherwise payable with respect to the farm shall be reduced by 5 cents. The reduction is not required if (1) the crop of upland cotton is not planted or was planted but failed because of adverse weather conditions in an area designated by the Secretary as a disaster area or (2) the crop of upland cotton was planted but failed due to a sudden and violent natural disaster, such as a hurricane, tornado, hailstorm, sandstorm, or flood.

(j) If a producer declines, for personal reasons, to accept all or any part of his share of the payment computed for a farm in accordance with the provisions of this section, such payment or portion thereof shall not become available for any other producer on the farm.

(k) Payments to any producer which exceed the total payment he earns under the program with respect to any farm shall be refunded to the Commodity Credit Corporation, and if for any reason such earned payment is zero, he shall pay interest at the rate of 6 percent per annum on the amount of the refund from the issue dates of the sight drafts to the date the payments are refunded.

§ 722.813 Determination of compliance.

(a) Determination of the acreage planted to cotton within the farm base acreage allotment and of the acreage designated as set-aside acreage shall be made in accordance with Part 718 of this chapter, as amended.

(b) A representative of the State or county committee or any authorized representative of the Secretary shall have the right at any reasonable time to enter a farm, concerning which representations have been made on any forms filed under the program, in order to measure the acreage planted to cotton or set aside under the program, to examine any records pertaining thereto, and otherwise to determine the accuracy of a producer's representations and the performance of his obligations under this subpart.

§ 722.814 Division of payments.

Payments shall be divided in accordance with the regulations in Part 794 of this chapter, as amended.

§ 722.815 Additional provisions relating to tenants and sharecroppers.

The regulations in Part 794 of this chapter, as amended, setting forth additional provisions relating to tenants and sharecroppers, shall be applicable to this program.

§ 722.816 Successors-in-interest.

(a) In case of the death, incompetency, or disappearance of any producer

whose name appears on Form 378, the payment due him shall be made to his successor, as determined in accordance with the regulations in Part 707 of this chapter, as amended.

(b) When any person who had an interest as a producer of cotton or would have had an interest as a producer if cotton had been produced (herein called "predecessor") is succeeded on the farm by another produced (herein called "successor") after Form 378 has been filed, the payment to which they are entitled shall be divided on such basis as they agree is fair and equitable. If such persons are unable to agree to a division of the payment, the payment shall be issued to the producer who has the interest in the crop at the time of harvest, and if the crop is completely destroyed prior to harvest, the payment shall be issued to the producer who had the interest at the time of destruction of the crop.

(c) In any case where any payment due any successor producer has previously been paid to the producer who filed Form 378, such payment shall not be paid to the successor producer unless it is recovered from the producer to whom it has been paid or payment is authorized by the Deputy Administrator.

§ 722.817 Scheme or device and fraudulent representation.

(a) A producer who is determined by the State committee, or the county committee with the approval of the State committee, to have adopted any scheme or device which tends to defeat the purpose of the Upland Cotton Set-Aside Program shall not be entitled to receive payments under the program for the year with respect to which the scheme or device was adopted and shall refund to the Commodity Credit Corporation any payments received by him.

(b) The making of a fraudulent representation by a person in the program documents or otherwise for the purpose of obtaining payments shall render the person liable for a refund to the Commodity Credit Corporation of the payments received by him with respect to which the fraudulent representation was made.

(c) A producer who is determined by the State committee, or the county committee with the approval of the State committee, to have knowingly (1) made a false report of the feed grain, wheat, or upland cotton acreage on a farm participating in the programs for such commodities, (2) falsely certified compliance with other provisions of the Feed Grain, Wheat, or Upland Cotton Set-Aside Program, or (3) obstructed the county committee's efforts to determine compliance with the Feed Grain, Wheat, or Upland Cotton Set-Aside Program, shall not be entitled to receive program benefits under the Feed Grain Set-Aside Program, the Upland Cotton Set-Aside Program, and the Wheat Set-Aside Program for the year in which such action occurred and shall refund any payment and return any wheat marketing certificates received by him, or in the case of certificates, pay the value thereof, to the Commodity Credit Corporation.

(d) The provisions of this section shall be applicable in addition to any liability under criminal and civil fraud statutes.

§ 722.818 Setoffs and assignments.

(a) *Setoffs.* Setoffs against set-aside program payments which a producer is eligible to receive shall be made as provided in the regulations issued by the Secretary governing setoffs and withholdings, Part 13 of this title, as amended.

(b) *Assignments.* Any producer who may be entitled to any payment may assign his rights thereto in accordance with the regulations governing assignment of payment, Part 709 of this chapter, as amended.

§ 722.819 Reconstitution of farms.

(a) Reconstitution of farms shall be made, where applicable, in accordance with the regulations governing reconstitution of farms, allotments, and bases, Part 719 of this chapter, as amended.

(b) The yield established for a combined farm shall not, except for rounding, exceed the weighted average of the yield established for the component parts. When a parent farm is divided into two or more parts, the weighted average of the yields established for the component parts shall not, except for rounding, exceed the yield established for the parent farm prior to being divided.

(c) Any Form 378 filed for a farm before it is reconstituted shall be canceled and the farm operator notified of the cancellation. A corrected Form 378 may be prepared for the farm(s) as properly constituted even though this action is necessary after the final date for filing Form 378 as specified in § 722.811.

§ 722.820 Performance based upon advice or action of county or State committee.

The provisions of Part 790 of this chapter, as amended, relating to performance based upon action or advice of an authorized representative of the Secretary shall be applicable to this program.

§ 722.821 Supervisory authority of State committee.

The State committee may take any action required by these regulations which has not been taken by the county committee. The State committee may also (a) correct or require a county committee to correct any action taken by such county committee which is not in accordance with the regulations of this subpart, or (b) require a county committee to withhold taking any action which is not in accordance with the regulations of this subpart.

§ 722.822 Delegation of authority.

No delegation herein to a State or county committee shall preclude the Administrator, ASCS, or his designee, from determining any question arising under the program or from reversing or modifying any determination made by a State or county committee.

Effective date. It is essential that the foregoing regulations governing the Upland Cotton Set-Aside Program for Crop Years 1971–73 be made effective as soon as possible. It is hereby found and determined that compliance with the notice, public procedure, and 30-day effective date provisions of 5 U.S.C. 553 is impracticable and contrary to the public interest. Accordingly, the regulations shall become effective upon publication in the FEDERAL REGISTER (8–17–71).

Proposals for amendment or modification of the regulations insofar as they relate to the 1972 and 1973 crop years are invited. The proposals may be addressed to the Deputy Administrator, State and County Operations, ASCS, U.S. Department of Agriculture, Washington, D.C. 20250. All proposals should be accompanied by a written statement in explanation and support of the proposals and mailed within 30 days of the date of publication of this subpart in the FEDERAL REGISTER.

Signed at Washington, D.C., on August 10, 1971.

KENNETH E. FRICK,
Administrator, Agricultural Stabilization and Conservation Service.

[FR Doc.71-11873 Filed 8-16-71;8:50 am]

Chapter VIII—Agricultural Stabilization and Conservation Service (Sugar) Department of Agriculture

SUBCHAPTER B—SUGAR REQUIREMENTS AND QUOTAS

[Sugar Reg. 811; Amdt. 5]

PART 811—CONTINENTAL SUGAR REQUIREMENTS AND AREA QUOTAS

Requirements, Quotas, and Quota Deficits for 1971

Basis and purpose and bases and considerations. This amendment is issued pursuant to the authority vested in the Secretary of Agriculture by the Sugar Act of 1948, as amended (61 Stat. 922, as amended), hereinafter referred to as the "Act". The purpose of this amendment to Sugar Regulation 811, as amended, is to revise the determination of sugar requirements for the calendar year 1971, establish quotas, prorations, and direct-consumption limits consistent with such requirements and to determine and prorate or allocate the deficits in quotas established pursuant to the Act.

Section 201 of the Act requires that the Secretary shall revise the determination of sugar requirements at such time during the calendar year as may be necessary.

As long as there is a possibility of the disruption of ocean transportation and the unlading of sugar as a result of a dock workers strike or indefinite duration beginning on October 1, 1971, cane sugar refiners and food processors are expected to increase their inventories of sugar and sugar-contained products before that time. An increase in requirements at this time will make additional sugar available for importation in August and September.

Accordingly, total sugar requirements for the calendar year 1971 are hereby increased by 100,000 short tons, raw value, to a total of 11.3 million short tons, raw value.

Section 204(a) of the Act provides that the Secretary shall from time to time determine whether any area or country will be unable to fill its quota or proration of a quota. On the basis of current inventories, estimated production and projected marketing patterns during the balance of the year for the Domestic Beet Area it appears that the Beet Area will be unable to market sugar in excess of its current effective quota. Due to the fact that the quota for the Domestic Beet Sugar Area is increased herein by 47,667 tons it is hereby found that the Domestic Beet Sugar Area will be unable to fill its quota by 47,667 short tons, raw value. Therefore, a deficit is herein determined in the 1971 quota for the Domestic Beet Sugar Area of 47,667 short tons, raw value. On the basis of information available to the Department, Haiti will be able to supply only 27,500 short tons, raw value, of sugar to the United States during 1971. Therefore, it is hereby found that Haiti will be unable to fill its current effective quota, any quota increase or additional deficit proration that may be available to it during 1971. Accordingly, a deficit is herein determined in the quota for Haiti of 4,908 short tons, raw value.

Pursuant to section 202(d)(2)(A) of the Act it is hereby found that is not practicable to obtain prior to October 1, 1971, the quantity of sugar needed from foreign countries to meet the requirements of consumers under section 201 by apportionment of the foreign requirements increase to countries pursuant to section 202 (b)(c) and (d)(1) of the Act and that limited sugar supplies and increases in prices have created or may create an emergency situation significantly interfering with the orderly movement of foreign raw sugar to the United States. The Secretary has also found pursuant to 204(a) that the Philippines and the Western Hemisphere countries cannot fill prior to October 1, 1971, all of the additional deficits if allocated to the Republic of the Philippines and prorated to individual countries on the basis of quotas in effect. Therefore, to obtain additional sugar in a timely manner, the 35,000 short tons, raw value, increase in foreign requirements by this amendment and additional deficits of 52,575 short tons, raw value, will be permitted to be imported on a first-come, first-served basis from foreign countries that will have filled their 1971 quotas prior to the importation of the sugar made available by this amendment.

In view of the short time remaining to import the sugar permitted for importation by this amendment it is impractical to develop meaningful agreements with countries to purchase for dollars additional quantities of U.S. agricultural products.

By virtue of the authority vested in the Secretary of Agriculture by the Act, Part 811 of this chapter is hereby amended by amending §§ 811.90, 811.91, 811.92, and 811.93 as follows:

1. Section 811.90 is amended to read as follows:

§ 811.90 Sugar requirements, 1971.

The amount of sugar needed to meet the requirements of consumers in the continental United States for the calendar year 1971 is hereby determined to be 11,300,000 short tons, raw value.

2. Section 811.91 is amended by amending paragraph (a) to read as follows:

§ 811.91 Quotas for domestic areas.

(a) (1) For the calendar year 1971 domestic area quotas limiting the quantities of sugar which may be brought into or marketed for consumption in the continental United States are established, pursuant to section 202(a) of the Act, in column (1) and the amounts of such quotas for offshore areas that may be filled by direct-consumption sugar are established, pursuant to section 207 of the Act, in column (2) as follows:

Area	Quotas (1)	Direct-consumption limits (2)
	(Short tons, raw value)	
Domestic beet sugar	3,454,000	No limit
Mainland cane sugar	1,286,000	No limit
Hawaii	1,110,000	38,646
Puerto Rico	1,140,000	168,000
Virgin Islands	15,000	0

(2) It is hereby determined pursuant to section 204(a) of the Act that for the calendar year 1971 the Domestic Beet Sugar Area, Puerto Rico and the Virgin Islands, will be unable by 47,667, 960,000 and 15,000 short tons, raw value, respectively, to fill the quotas established for such areas in subparagraph (1) of this paragraph. Pursuant to section 204(b) of the Act the determination of such deficits shall not affect the quotas established in subparagraph (1) of this paragraph.

* * * * *

3. Section 811.92 is amended by amending paragraph (a) to read as follows:

§ 811.92 Proration and allocation of deficits and quotas in effect.

(a) Of the domestic deficits determined in § 811.91(a)(2), totaling 1,022,667 short tons, raw value, a quantity of 975,000 tons representing deficits in the quotas of Puerto Rico and the Virgin Islands was previously determined, allocated and prorated in previous amendments of this Part 811 (36 F.R. 8773, 14624). Deficits are herein determined in the quotas for the Domestic Beet Area and Haiti of 47,667 and 4,908 short tons, raw value, respectively. It is hereby determined that the Republic of the Philippines and Western Hemisphere countries will not be able to fill all of such additional deficits in a timely manner by the usual proration procedures. Accordingly, deficits determined herein totaling 52,575 short tons, raw value, shall be allocated to foreign quota countries for importation before September 25, 1971, on a first-come, first-served basis as provided in § 811.93(d)(7).

* * * * *

4. Section 811.93 is amended by amending paragraph (c) and adding a new paragraph (d)(7) to read as follows:

§ 811.93 Quotas for foreign countries.

* * * * *

(c) For the calendar year 1971, the prorations to individual foreign countries other than the Republic of the Philippines pursuant to section 202 of the Act and a quantity to be allocated on a first-come, first-served basis are shown in columns (1) and (2) of the following table. Deficit prorations previously established in § 811.93 are shown in column (3), and a deficit determination and the deficit quantity of 52,575 tons to be allocated to foreign countries on a first-come, first-served basis as herein established are shown in column (4). Total quotas and prorations are shown in column (5).

Countries	Basic quotas (1)	Temporary quotas and prorations pursuant to sec. 202(d) [1] (2)	Previous deficit prorations (3)	New deficit prorations (4)	Total quotas and prorations (5)
Mexico	243,389	263,309	89,740	0	596,438
Dominican Republic	238,636	257,518	137,767	0	633,321
Brazil	238,636	257,518	87,767	0	583,721
Peru	189,862	205,402	70,005	0	465,269
British West Indies	95,089	76,419	30,874	0	202,373
Ecuador	34,635	37,470	12,770	0	84,875
French West Indies	29,912	24,037	9,712	0	83,661
Argentina	29,282	31,677	10,797	0	71,756
Costa Rica	28,023	30,316	10,332	0	68,671
Nicaragua	28,023	30,316	10,332	0	68,671
Colombia	25,189	27,251	9,288	0	61,728
Guatemala	23,615	25,547	8,707	0	57,869
Panama	17,632	19,076	6,501	0	43,209
El Salvador	17,317	18,733	6,385	0	42,435
Haiti	13,224	14,308	4,876	−4,908	27,500
Venezuela	11,065	12,944	4,412	0	29,321
British Honduras	6,927	5,566	2,259	0	14,743
Bolivia	2,834	3,066	1,045	0	6,945
Honduras	2,834	3,066	1,045	0	6,945
Australia	113,351	90,434	0	0	203,785
Republic of China	47,229	37,681	0	0	84,910
India	45,340	36,174	0	0	81,514
South Africa	33,375	26,628	0	0	60,003
Fiji Islands	24,874	19,845	0	0	44,719
Thailand	10,391	8,290	0	0	18,681
Mauritius	10,391	8,290	0	0	18,681
Malagasy Republic	5,353	4,270	0	0	9,623
Swaziland	4,093	3,266	0	0	7,359
Ireland	5,351	0	0	0	5,351
Bahamas	10,000	0	0	0	10,000
To be allotted [2]	17,454	17,546		52,575	87,575
Total	1,603,036	1,595,954	514,605	47,667	3,761,262

[1] Proration of the quotas withheld from Cuba and Southern Rhodesia.
[2] Will be allotted to foreign countries pursuant to paragraph (d)(7) of this § 811.93.

(d) * * *

(7) The quantity of sugar in column (5) of the table in paragraph (c) of this section designated as "To be allocated" amounting to 87,575 short tons, raw value, may be authorized only for importation on or before September 25, 1971, from foreign countries, which have filled or will have filled their respective 1971 quotas prior to the importation of such sugar. Authorizations for the importation of such sugar shall be made on the basis of applications for Sugar Quota Clearance on Form SU-3 or applications for Set-Aside of Quota on Form SU-8A in accordance with provisions of Part 817 of this chapter, except that (i) if two or more applications on Forms SU-3, or on SU-8A, become eligible for authorization at the same time first priority shall be given to the earliest arrival date and second priority to earliest departure date stated therein, (ii) each application for Set-Aside of Quota must show the anticipated dates of departure and arrival of the sugar (in lieu a 3-month period as shown on the form) and show "5th" day and "5" days instead of "15th" day and "15" days respectively as shown on the application form, and (iii) each application on Form SU-3 or SU-8A must include a certification that the country has or will have filled its currently effective 1971 quota on or before the importation date of such additional sugar. Set-Aside applications to import sugar under this subparagraph received on or before August 18, 1971, shall be considered as having been received at the same time. Applications covering sugar authorized pursuant to this subparagraph shall become invalid for any portion of such sugar which is not unladed prior to October 1, 1971. Any such sugar for which its authorized importation has been invalidated may be authorized for entry, pursuant to a bond for delivery to a refinery for refining and holding in inventory until charged to an applicable quota in the same manner as provided for bonded over-quota sugar pursuant to Part 817 of this chapter.

(Sec. 201, 202, 204, and 403; 61 Stat. 923, as amended, 924, as amended, 925, as amended, 932; and 7 U.S.C. 1111, 1112, 1114, and 1153)

Effective date. This action increases quotas for the calendar year 1971 by 100,000 tons, determines additional deficits of 52,575 tons and makes available for importation on or before September 25, from foreign quota countries on a first-come, first-served basis the additional deficits of 52,575 tons plus the 35,000 tons foreign quota increase. In order to promote orderly marketing, it is essential that this amendment be effective immediately so that all persons selling and purchasing sugar for consumption in the continental United States can promptly plan and market under the changed marketing opportunities. Therefore, it is hereby determined and found that compliance with the notice, procedure, and effective date requirements of 5 U.S.C. 533 is unnecessary, impracticable, and contrary to the public interest and this amendment shall be effective when filed for public inspection in the Office of the Federal Register.

Signed at Washington, D.C., on August 12, 1971.

CARROLL G. BRUNTHAVER,
Acting Administrator, Agricultural Stabilization and Conservation Service.

[FR Doc.71-11949 Filed 8-12-71;4:05 pm]

Chapter IX—Consumer and Marketing Service (Marketing Agreements and Orders; Fruits, Vegetables, Nuts), Department of Agriculture

[Valencia Orange Reg. 360, Amdt. 1]

PART 908—VALENCIA ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

Limitation of Handling

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 908, as amended (7 CFR Part 908, 35 F.R. 16625), regulating the handling of Valencia oranges grown in Arizona and designated part of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendation and information submitted by the Valencia Orange Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such Valencia oranges, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this amendment until 30 days after publication thereof in the FEDERAL REGISTER (5 U.S.C. 553) because the time intervening between the date when information upon which this amendment is based became available and the time when this amendment must become effective in order to effectuate the declared policy of the act is insufficient, and this amendment relieves restriction on the handling of Valencia oranges grown in Arizona and designated part of California.

(b) *Order, as amended.* The provisions in paragraph (b)(1) (i), and (ii) of § 908.660 (Valencia Orange Reg. 360, 36 F.R. 14380) during the period August 6, through August 12, 1971, are hereby amended to read as follows:

§ 908.660 Valencia Orange Regulation 360.

* * * * *

(b) *Order.* (1) * * *

(i) District 1: 154,000 cartons;

(ii) District 2: 546,000 cartons.

* * * * *

(Sec. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: August 12, 1971.

FLOYD F. HEDLUND,
Director, Fruit and Vegetable Division, Consumer and Marketing Service.

[FR Doc. 71-11950 Filed 8-16-71;8:52 am]

Chapter XIV—Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[CCC Grain Price Support Regs., 1971 Crop Corn Supp.]

PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

Subpart—1971 Crop Corn Loan and Purchase Program

The General Regulations Governing Price Support for the 1970 and Subsequent Crops, published in the FEDERAL REGISTER at 35 F.R. 7363 and 7781, and any amendments thereto, and the 1970 and Subsequent Crops Corn Loan and Purchase Program Regulations, published in the FEDERAL REGISTER at 35 F.R. 13969, and any amendments to such regulations, are further supplemented for the 1971 crop of corn by adding § 1421.111-1421.116 to read as herein stated.

The material previously appearing in these sections under centerhead "1970 Crop Corn Loan and Purchase Program" remains in full force and effect with respect to the 1970 crop.

Sec.

1421.111 Availability.
1421.112 Compliance requirements.
1421.113 Warehouse charges.
1421.114 Maturity of loans.
1421.115 Delivery period.
1421.116 Support rates, premiums, and discounts.

AUTHORITY: The provisions of this subpart issued under sec. 4, 62 Stat. 1070, as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 105, 401, 63 Stat. 1051, as amended; 15 U.S.C. 714c, 7 U.S.C. 1421, 1441.

§ 1421.111 Availability.

A producer desiring a price support loan must request a loan on his eligible corn on or before June 30, 1972. To obtain price support through sales, a producer must execute and deliver to the appropriate county ASCS office, on or before July 31, 1972, a Purchase Agreement (Form CCC-614) indicating the approximate quantity of 1971 crop corn he may sell to CCC: *Provided*, That in any area where it is determined by the State committee that producers may not be able to or cannot store corn safely on the farm for the full storage period because of insects, adverse climatic conditions, or other factors affecting the safe storage of corn, the final date for requesting price support on farm-stored corn shall be such earlier dates as are established by the State committee. Public announcement of the final dates shall be made sufficiently in advance of such dates to allow producers a reasonable period of time to request price support.

§ 1421.112 Compliance requirements.

A producer shall be eligible for a loan or purchase with respect to the corn being tendered if the producer complies with the 1971 set-aside program appearing in regulations published in Part 775 of this title pertaining to Feed Grain Set-Aside Program for crop years 1971-73, and any amendments thereto, on the farm on which such corn was produced.

§ 1421.113 Warehouse charges.

Subject to the provisions of § 1421.96, the schedule of deductions set forth in this section shall apply to corn stored in an approved warehouse operating under the Uniform Grain Storage Agreement.

SCHEDULE OF DEDUCTIONS FOR STORAGE CHARGES FOR MATURITY DATE OF JULY 31, 1972

Storage start date [1]:	Deduction (cents per bushel)
Prior to Aug. 4, 1971	15
Aug. 4–Aug. 28	14
Aug. 29–Sept. 22	13
Sept. 23–Oct. 17	12
Oct. 18–Nov. 11	11
Nov. 12–Dec. 6	10
Dec. 7–Dec. 31	9
Jan. 1–Jan 25, 1972	8
Jan. 26–Feb. 19	7
Feb. 20–Mar. 15	6
Mar. 16–Apr. 9	5
Apr. 10–May 4	4
May 5–May 29	3
May 30–June 23	2
June 24–July 31, 1972	1

[1] All dates inclusive.

§ 1421.114 Maturity of loans.

Loans mature on demand but not later than July 31, 1972.

§ 1421.115 Delivery period.

(a) *Regular delivery period.* The regular delivery period shall begin August 1, 1972.

(b) *Where producer may not be in a position to store corn safely.* In areas where it is determined by the State committee that some producers may not be in a position to store corn safely on the farm for the full storage period (for reasons set forth in § 1421.111), the State committee may establish an earlier delivery period prior to maturity (in addition to the regular delivery period) during which any producer in such areas may voluntarily deliver corn which is under farm storage loan. Eligible corn not under loan may also be delivered to CCC for purchase in the earlier delivery period. Such earlier delivery period, if established, shall begin at least 30 days after the final date of availability of loans established by the State committee, but not before April 1, 1972. CCC will accept deliveries of corn during such early delivery period, provided the producer notifies the county office within the time specified by the county office that he wants to deliver the corn.

(c) *Where producers cannot store corn safely.* If the State committee determines that producers in an area cannot store corn safely on the farm for the full storage period (for reasons set forth in § 1421.111), all farm-storage loans in such area shall be called. Producers having eligible corn not under loan who elect to make deliveries from farm-storage for purchase by CCC shall also be required to deliver during the delivery period for loans except that individual producers may keep corn in farm storage until the regular loan maturity date if (1) such corn is shelled, (2) the producer has satisfactory storage facilities, and (3) either the State committee approves or the county committee approves where the State committee has authorized county committee to make such determinations. Any earlier delivery period established shall begin at least 30 days after the final date of availability of loans established by the State committee and not before April 1, 1972.

§ 1421.116 Support rates, premiums, and discounts.

County support rates for corn and the schedule of premiums and discounts are contained in this section. Farm stored loans will be made at the basic support rate for the county where the corn is stored, adjusted only for the weed control discount where applicable. The support rate for warehouse stored corn loans shall be the basic support rate for the county where the corn is stored, adjusted by the premiums and discounts prescribed in paragraphs (b) and (c) of this section. Notwithstanding § 1421.23(c), settlement for corn delivered from other than approved warehouse storage shall be based (1) on the basic support rate for the county in which the producer's customary delivery point is located, and (2) on the quality and quantity of the corn delivered as shown on the warehouse receipts and accompanying documents issued by an approved warehouse to which delivery is made, or if applicable, the quality and quantity delivered as shown on a form prescribed by CCC for this purpose.

(a) *Basic county support rates.* Basic county support rates for corn grading No. 2 and containing from 15.1 through 15.5 percent moisture are as follows:

ALABAMA

County	Rate per bushel
All counties	$1.20

ARIZONA

All counties	$1.26

ARKANSAS

All counties	$1.17

CALIFORNIA

All counties	$1.26

COLORADO

County	Rate per bushel	County	Rate per bushel
Adams	$1.14	La Plata	$1.22
Alamosa	1.18	Larimer	1.14
Arapahoe	1.15	Las Animas	1.15
Archuleta	1.20	Lincoln	1.13
Baca	1.11	Logan	1.12
Bent	1.14	Mesa	1.23
Boulder	1.14	Moffat	1.23
Cheyenne	1.10	Montezuma	1.25
Conejos	1.18	Montrose	1.23
Costilla	1.18	Morgan	1.14
Crowley	1.14	Otero	1.16
Custer	1.17	Ouray	1.25
Delta	1.23	Phillips	1.10
Dolores	1.25	Pitkin	1.21
Douglas	1.16	Prowers	1.10
Eagle	1.21	Pueblo	1.16
Elbert	1.15	Rio Blanco	1.23
El Paso	1.16	Rio Grande	1.21
Fremont	1.17	Routt	1.20
Garfield	1.23	Saguache	1.19
Grand	1.17	San Miguel	1.25
Huerfano	1.17	Sedgwick	1.10
Jefferson	1.16	Washington	1.12
Kiowa	1.10	Weld	1.14
Kit Carson	1.10	Yuma	1.09

CONNECTICUT

County	Rate per bushel
All counties	$1.29

DELAWARE

All counties	$1.23

FLORIDA

All counties	$1.21

GEORGIA

All counties	$1.21

HAWAII

All counties	$1.57

IDAHO

All counties	$1.23

ILLINOIS

County	Rate per bushel	County	Rate per bushel
Adams	$1.08	Lee	$1.08
Alexander	1.12	Livingston	1.08
Bond	1.10	Logan	1.09
Boone	1.08	McDonough	1.08
Brown	1.09	McHenry	1.09
Bureau	1.08	McLean	1.08
Calhoun	1.09	Macon	1.09
Carroll	1.06	Macoupin	1.10
Cass	1.10	Madison	1.10
Champaign	1.07	Marion	1.09
Christian	1.09	Marshall	1.09
Clark	1.08	Mason	1.09
Clay	1.09	Massac	1.12
Clinton	1.10	Menard	1.09
Coles	1.07	Mercer	1.06
Cook	1.11	Monroe	1.11
Crawford	1.09	Montgomery	1.09
Cumberland	1.08	Morgan	1.10
De Kalb	1.09	Moultrie	1.07
De Witt	1.08	Ogle	1.07
Douglas	1.07	Peoria	1.12
Du Page	1.10	Perry	1.11
Edgar	1.07	Piatt	1.07
Edwards	1.11	Pike	1.09
Effingham	1.09	Pope	1.09
Fayette	1.09	Pulaski	1.12
Ford	1.07	Putnam	1.09
Franklin	1.11	Randolph	1.11
Fulton	1.09	Richland	1.10
Gallatin	1.12	Rock Island	1.06
Greene	1.10	St. Clair	1.11
Grundy	1.09	Saline	1.11
Hamilton	1.11	Sangamon	1.09
Hancock	1.07	Schuyler	1.09
Hardin	1.12	Scott	1.10
Henderson	1.07	Shelby	1.08
Henry	1.07	Stark	1.09
Iroquois	1.06	Stephenson	1.07
Jackson	1.11	Tazewell	1.09
Jasper	1.09	Union	1.11
Jefferson	1.10	Vermilion	1.07
Jersey	1.10	Wabash	1.11
Jo Daviess	1.06	Warren	1.08
Johnson	1.11	Washington	1.11
Kane	1.10	Wayne	1.10
Kankakee	1.08	White	1.11
Kendall	1.09	Whiteside	1.07
Knox	1.09	Will	1.10
Lake	1.10	Williamson	1.11
La Salle	1.09	Winnebago	1.07
Lawrence	1.10	Woodford	1.09

INDIANA

Adams	$1.07	Dearborn	$1.12
Allen	1.07	Decatur	1.09
Bartholomew	1.09	De Kalb	1.07
Benton	1.07	Delaware	1.06
Blackford	1.07	Dubois	1.11
Boone	1.05	Elkhart	1.08
Brown	1.09	Fayette	1.08
Carroll	1.06	Floyd	1.12
Cass	1.07	Fountain	1.06
Clark	1.12	Franklin	1.11
Clay	1.07	Fulton	1.08
Clinton	1.05	Gibson	1.12
Crawford	1.12	Grant	1.06
Daviess	1.11	Greene	1.09

INDIANA—Continued

County	Rate per bushel	County	Rate per bushel
Hamilton	$1.05	Parke	$1.06
Hancock	1.06	Perry	1.12
Harrison	1.12	Pike	1.11
Hendricks	1.06	Porter	1.09
Henry	1.06	Posey	1.12
Howard	1.06	Pulaski	1.08
Huntington	1.07	Putnam	1.06
Jackson	1.11	Randolph	1.07
Jasper	1.08	Ripley	1.11
Jay	1.07	Rush	1.07
Jefferson	1.12	St. Joseph	1.08
Jennings	1.11	Scott	1.12
Johnson	1.07	Shelby	1.07
Knox	1.11	Spencer	1.12
Kosciusko	1.08	Starke	1.08
Lagrange	1.07	Steuben	1.07
Lake	1.09	Sullivan	1.09
La Porte	1.09	Switzerland	1.12
Lawrence	1.11	Tippecanoe	1.06
Madison	1.05	Tipton	1.05
Marion	1.06	Union	1.09
Marshall	1.08	Vanderburgh	1.12
Martin	1.11	Vermillion	1.06
Miami	1.07	Vigo	1.07
Monroe	1.09	Wabash	1.07
Montgomery	1.06	Warren	1.06
Morgan	1.07	Warrick	1.12
Newton	1.08	Washington	1.12
Noble	1.07	Wayne	1.07
Ohio	1.12	Wells	1.07
Orange	1.11	White	1.07
Owen	1.07	Whitley	1.07

IOWA

Adair	$1.04	Jefferson	$1.05
Adams	1.05	Johnson	1.05
Allamakee	1.03	Jones	1.05
Appanoose	1.05	Keokuk	1.04
Audubon	1.04	Kossuth	.99
Benton	1.04	Lee	1.06
Black Hawk	1.02	Linn	1.04
Boone	1.02	Louisa	1.06
Bremer	1.02	Lucas	1.04
Buchanan	1.03	Lyon	1.01
Buena Vista	1.01	Madison	1.03
Butler	1.01	Mahaska	1.03
Calhoun	1.02	Marion	1.03
Carroll	1.03	Marshall	1.02
Cass	1.04	Mills	1.05
Cedar	1.06	Mitchell	1.00
Cerro Gordo	.99	Monona	1.04
Cherokee	1.02	Monroe	1.04
Chickasaw	1.01	Montgomery	1.05
Clarke	1.04	Muscatine	1.06
Clay	1.01	O'Brien	1.01
Clayton	1.04	Osceola	1.00
Clinton	1.06	Page	1.05
Crawford	1.03	Palo Alto	1.00
Dallas	1.03	Plymouth	1.03
Davis	1.05	Pocahontas	1.01
Decatur	1.05	Polk	1.03
Delaware	1.04	Pottawattamie	1.05
Des Moines	1.06	Poweshiek	1.03
Dickinson	1.00	Ringgold	1.05
Dubuque	1.05	Sac	1.02
Emmet	.99	Scott	1.06
Fayette	1.03	Shelby	1.04
Floyd	1.00	Sioux	1.02
Franklin	1.00	Story	1.02
Fremont	1.05	Tama	1.03
Greene	1.03	Taylor	1.05
Grundy	1.02	Union	1.04
Guthrie	1.04	Van Buren	1.05
Hamilton	1.01	Wapello	1.04
Hancock	.99	Warren	1.03
Hardin	1.02	Washington	1.05
Harrison	1.05	Wayne	1.05
Henry	1.06	Webster	1.01
Howard	1.01	Winnebago	.99
Humboldt	1.00	Winneshiek	1.02
Ida	1.02	Woodbury	1.03
Iowa	1.04	Worth	.99
Jackson	1.06	Wright	1.00
Jasper	1.03		

KANSAS

County	Rate per bushel	County	Rate per bushel
Allen	$1.13	Linn	$1.13
Anderson	1.12	Logan	1.07
Atchison	1.09	Lyon	1.10
Barber	1.12	McPherson	1.09
Barton	1.09	Marion	1.09
Bourbon	1.13	Marshall	1.06
Brown	1.07	Meade	1.09
Butler	1.12	Miami	1.12
Chase	1.10	Mitchell	1.07
Chautauqua	1.15	Montgomery	1.15
Cherokee	1.15	Morris	1.09
Cheyenne	1.07	Morton	1.09
Clark	1.09	Nemaha	1.07
Clay	1.06	Neosho	1.14
Cloud	1.06	Ness	1.08
Coffey	1.12	Norton	1.05
Comanche	1.10	Osage	1.10
Cowley	1.14	Osborne	1.07
Crawford	1.15	Ottawa	1.07
Decatur	1.06	Pawnee	1.09
Dickinson	1.08	Phillips	1.05
Doniphan	1.08	Pottawatomie	1.07
Douglas	1.10	Pratt	1.11
Edwards	1.09	Rawlins	1.07
Elk	1.14	Reno	1.11
Ellis	1.07	Republic	1.05
Ellsworth	1.09	Rice	1.10
Finney	1.08	Riley	1.06
Ford	1.08	Rooks	1.06
Franklin	1.11	Rush	1.08
Geary	1.08	Russell	1.08
Gove	1.07	Saline	1.08
Graham	1.06	Scott	1.08
Grant	1.08	Sedgwick	1.12
Gray	1.08	Seward	1.09
Greeley	1.08	Shawnee	1.09
Greenwood	1.12	Sheridan	1.06
Hamilton	1.08	Sherman	1.08
Harper	1.13	Smith	1.05
Harvey	1.11	Stafford	1.11
Haskell	1.08	Stanton	1.08
Hodgeman	1.08	Stevens	1.09
Jackson	1.08	Sumner	1.13
Jefferson	1.09	Thomas	1.08
Jewell	1.05	Trego	1.07
Johnson	1.11	Wabaunsee	1.09
Kearny	1.08	Wallace	1.07
Kingman	1.12	Washington	1.06
Kiowa	1.10	Wichita	1.08
Labette	1.15	Wilson	1.14
Lane	1.08	Woodson	1.13
Leavenworth	1.10	Wyandotte	1.10
Lincoln	1.08		

KENTUCKY

Adair	$1.18	Cumberland	$1.18
Allen	1.18	Daviess	1.14
Anderson	1.17	Edmonson	1.16
Ballard	1.14	Elliott	1.19
Barren	1.17	Estill	1.19
Bath	1.19	Fayette	1.18
Bell	1.21	Fleming	1.17
Boone	1.13	Floyd	1.21
Bourbon	1.18	Franklin	1.16
Boyd	1.17	Fulton	1.14
Boyle	1.18	Gallatin	1.14
Bracken	1.15	Garrard	1.19
Breathitt	1.21	Grant	1.15
Breckenridge	1.14	Graves	1.14
Bullitt	1.15	Grayson	1.15
Butler	1.16	Green	1.18
Caldwell	1.16	Greenup	1.16
Calloway	1.15	Hancock	1.14
Campbell	1.13	Hardin	1.15
Carlisle	1.14	Harlan	1.21
Carroll	1.14	Harrison	1.17
Carter	1.18	Hart	1.17
Casey	1.18	Henderson	1.14
Christian	1.17	Henry	1.15
Clark	1.19	Hickman	1.14
Clay	1.20	Hopkins	1.16
Clinton	1.19	Jackson	1.20
Crittenden	1.14	Jefferson	1.14

KENTUCKY—Continued

County	Rate per bushel	County	Rate per bushel
Jessamine	$1.19	Muhlenburg	$1.16
Johnson	1.20	Nelson	1.16
Kenton	1.13	Nicholas	1.18
Knott	1.21	Ohio	1.15
Knox	1.20	Oldham	1.14
Larue	1.16	Owen	1.15
Laurel	1.20	Owsley	1.20
Lawrence	1.19	Pendleton	1.15
Lee	1.20	Perry	1.21
Leslie	1.21	Pike	1.21
Letcher	1.21	Powell	1.19
Lewis	1.15	Pulaski	1.19
Lincoln	1.19	Robertson	1.17
Livingston	1.14	Rockcastle	1.19
Logan	1.17	Rowan	1.19
Lyon	1.16	Russell	1.19
McCracken	1.14	Scott	1.17
McCreary	1.19	Shelby	1.15
McLean	1.15	Simpson	1.18
Madison	1.19	Spencer	1.15
Magoffin	1.21	Taylor	1.17
Marion	1.17	Todd	1.17
Marshall	1.15	Trigg	1.17
Martin	1.20	Trimble	1.14
Mason	1.15	Union	1.14
Meade	1.14	Warren	1.17
Menifee	1.19	Washington	1.17
Mercer	1.18	Wayne	1.19
Metcalfe	1.18	Webster	1.15
Monroe	1.18	Whitley	1.20
Montgomery	1.19	Wolfe	1.20
Morgan	1.20	Woodford	1.18

LOUISIANA

All parishes	$1.19

MAINE

All counties	$1.29

MARYLAND

All counties	$1.23

MASSACHUSETTS

All counties	$1.29

MICHIGAN

Allegan	$1.09	Manistee	$1.11
Arenac	1.11	Mason	1.11
Barry	1.08	Mecosta	1.10
Bay	1.10	Midland	1.09
Berrien	1.09	Missaukee	1.11
Branch	1.08	Monroe	1.10
Calhoun	1.08	Montcalm	1.09
Cass	1.09	Muskegon	1.11
Clare	1.10	Newaygo	1.10
Clinton	1.09	Oakland	1.10
Eaton	1.09	Oceana	1.11
Genesee	1.10	Ogemaw	1.11
Gladwin	1.10	Osceola	1.10
Gratiot	1.09	Ottawa	1.11
Hillsdale	1.08	Roscommon	1.11
Huron	1.10	Saginaw	1.09
Ingham	1.09	St. Clair	1.10
Ionia	1.09	St. Joseph	1.08
Iosco	1.11	Sanilac	1.10
Isabella	1.09	Shiawassee	1.09
Jackson	1.09	Tuscola	1.09
Kalamazoo	1.09	Van Buren	1.09
Kent	1.10	Washtenaw	1.10
Lake	1.11	Wayne	1.10
Lapeer	1.10	Wexford	1.11
Lenawee	1.09	All other counties	1.12
Livingston	1.10		
Macomb	1.10		

MINNESOTA

Aitkin	$1.03	Cass	$1.01
Anoka	1.03	Chippewa	.99
Becker	1.01	Chisago	1.03
Beltrami	1.00	Clay	1.00
Benton	1.02	Clearwater	1.00
Big Stone	.98	Cook	1.03
Blue Earth	.99	Cottonwood	.98
Brown	.99	Crow Wing	1.02
Carlton	1.03	Dakota	1.04
Carver	1.02	Dodge	1.01

MINNESOTA—Continued

County	Rate per bushel	County	Rate per bushel
Douglas	$1.02	Olmsted	$1.02
Faribault	.98	Otter Tail	1.01
Fillmore	1.02	Pennington	1.00
Freeborn	.99	Pine	1.03
Goodhue	1.04	Pipestone	.98
Grant	1.01	Polk	1.00
Hennepin	1.03	Pope	1.01
Houston	1.04	Ramsey	1.03
Hubbard	1.01	Red Lake	1.00
Isanti	1.03	Redwood	.99
Itasca	1.03	Renville	1.00
Jackson	.97	Rice	1.02
Kanabec	1.03	Rock	.99
Kandiyohi	1.00	Roseau	1.00
Kittson	1.00	St. Louis	1.03
Koochiching	1.03	Scott	1.02
Lac qui Parle	.98	Sherburne	1.02
Lake	1.03	Sibley	1.01
Lake of the Woods	1.00	Stearns	1.02
Le Sueur	1.01	Steele	1.00
Lincoln	.97	Stevens	1.00
Lyon	.98	Swift	1.02
McLeod	1.01	Todd	1.02
Mahnomen	1.00	Traverse	.99
Marshall	1.00	Wabasha	1.04
Martin	.97	Wadena	1.02
Meeker	1.01	Waseca	.99
Mille Lacs	1.03	Washington	1.03
Morrison	1.02	Watonwan	.98
Mower	1.01	Wilkin	1.00
Murray	.98	Winona	1.04
Nicollet	1.00	Wright	1.02
Nobles	.98	Yellow Medicine	.98
Norman	1.00		

MISSISSIPPI

All counties	$1.19

MISSOURI

Adair	$1.06	Howard	$1.10
Andrew	1.08	Howell	1.16
Atchison	1.07	Iron	1.14
Audrain	1.10	Jackson	1.11
Barry	1.16	Jasper	1.15
Barton	1.14	Jefferson	1.12
Bates	1.12	Johnson	1.11
Benton	1.12	Knox	1.08
Bollinger	1.14	Laclede	1.15
Boone	1.11	Lafayette	1.10
Buchanan	1.10	Lawrence	1.15
Butler	1.14	Lewis	1.08
Caldwell	1.09	Lincoln	1.10
Calloway	1.11	Linn	1.07
Camden	1.13	Livingston	1.07
Cape Girardeau	1.13	McDonald	1.16
Carroll	1.08	Macon	1.08
Carter	1.15	Madison	1.14
Cass	1.11	Maries	1.13
Cedar	1.14	Marion	1.08
Chariton	1.08	Mercer	1.05
Christian	1.16	Miller	1.13
Clark	1.07	Mississippi	1.14
Clay	1.11	Moniteau	1.12
Clinton	1.11	Monroe	1.09
Cole	1.12	Montgomery	1.11
Cooper	1.11	Morgan	1.12
Crawford	1.14	New Madrid	1.14
Dade	1.14	Newton	1.16
Dallas	1.15	Nodaway	1.07
Daviess	1.08	Oregon	1.16
De Kalb	1.09	Osage	1.12
Dent	1.15	Ozark	1.16
Douglas	1.16	Pemiscot	1.14
Dunklin	1.14	Perry	1.13
Franklin	1.12	Pettis	1.11
Gasconade	1.12	Phelps	1.15
Gentry	1.07	Pike	1.09
Greene	1.15	Platte	1.11
Grundy	1.06	Polk	1.15
Harrison	1.05	Pulaski	1.15
Henry	1.12	Putnam	1.05
Hickory	1.13	Ralls	1.09
Holt	1.06	Randolph	1.08
		Ray	1.10

MISSOURI—Continued

County	Rate per bushel	County	Rate per bushel
Reynolds	$1.15	Shelby	$1.09
Ripley	1.15	Stoddard	1.14
St. Charles	1.11	Stone	1.16
St. Clair	1.13	Sullivan	1.06
St. Francois	1.13	Taney	1.16
Ste. Genevieve	1.12	Texas	1.15
St. Louis	1.12	Vernon	1.13
Saline	1.10	Warren	1.11
Schuyler	1.05	Washington	1.13
Scotland	1.06	Wayne	1.14
Scott	1.14	Webster	1.15
Shannon	1.15	Worth	1.06
		Wright	1.15

MONTANA

All counties	$1.14

NEBRASKA

Adams	$1.04	Jefferson	$1.05
Antelope	1.04	Johnson	1.05
Arthur	1.07	Kearney	1.04
Banner	1.10	Keith	1.08
Blaine	1.05	Keya Paha	1.04
Boone	1.05	Kimball	1.10
Box Butte	1.09	Knox	1.03
Boyd	1.02	Lancaster	1.04
Brown	1.04	Lincoln	1.06
Buffalo	1.04	Logan	1.06
Burt	1.06	Loup	1.05
Butler	1.05	McPherson	1.06
Cass	1.05	Madison	1.05
Cedar	1.04	Merrick	1.05
Chase	1.07	Morrill	1.10
Cherry	1.06	Nance	1.05
Cheyenne	1.09	Nemaha	1.05
Clay	1.04	Nuckolls	1.04
Colfax	1.05	Otoe	1.05
Cuming	1.05	Pawnee	1.06
Custer	1.05	Perkins	1.07
Dakota	1.04	Phelps	1.04
Dawes	1.09	Pierce	1.04
Dawson	1.04	Platte	1.05
Deuel	1.09	Polk	1.05
Dixon	1.04	Red Willow	1.06
Dodge	1.05	Richardson	1.06
Douglas	1.06	Rock	1.04
Dundy	1.07	Saline	1.04
Fillmore	1.04	Sarpy	1.05
Franklin	1.04	Saunders	1.05
Frontier	1.05	Scotts Bluff	1.10
Furnas	1.05	Seward	1.04
Gage	1.05	Sheridan	1.08
Garden	1.08	Sherman	1.04
Garfield	1.05	Sioux	1.10
Gosper	1.05	Stanton	1.05
Grant	1.07	Thayer	1.04
Greeley	1.04	Thomas	1.06
Hall	1.04	Thurston	1.05
Hamilton	1.04	Valley	1.04
Harlan	1.04	Washington	1.06
Hayes	1.07	Wayne	1.04
Hitchcock	1.07	Webster	1.04
Holt	1.03	Wheeler	1.05
Hooker	1.06	York	1.04
Howard	1.04		

NEVADA

All counties	$1.27

NEW HAMPSHIRE

All counties	$1.29

NEW JERSEY

All counties	$1.25

NEW MEXICO

Curry	$1.18	Roosevelt	$1.18
Harding	1.18	Union	1.18
Lea	1.18	All other counties	1.23
Quay	1.18		

NEW YORK

All counties	$1.24

NORTH CAROLINA

County	Rate per bushel
All counties	$1.22

NORTH DAKOTA

All counties	$0.98

OHIO

County	Rate per bushel	County	Rate per bushel
Adams	$1.13	Licking	$1.11
Allen	1.09	Logan	1.09
Ashland	1.13	Lorain	1.13
Ashtabula	1.20	Lucas	1.11
Athens	1.16	Madison	1.09
Auglaize	1.09	Mahoning	1.20
Belmont	1.18	Marion	1.09
Brown	1.13	Medina	1.15
Butler	1.10	Meigs	1.15
Carroll	1.17	Mercer	1.08
Champaign	1.09	Miami	1.09
Clark	1.09	Monroe	1.19
Clermont	1.12	Montgomery	1.09
Clinton	1.11	Morgan	1.16
Columbiana	1.20	Morrow	1.10
Coshocton	1.14	Muskingum	1.14
Crawford	1.10	Noble	1.17
Cuyahoga	1.16	Ottawa	1.11
Darke	1.08	Paulding	1.08
Defiance	1.08	Perry	1.14
Delaware	1.09	Pickaway	1.10
Erie	1.12	Pike	1.12
Fairfield	1.12	Portage	1.18
Fayette	1.10	Preble	1.09
Franklin	1.09	Putnam	1.09
Fulton	1.10	Richland	1.11
Gallia	1.14	Ross	1.11
Geauga	1.18	Sandusky	1.11
Greene	1.09	Scioto	1.13
Guernsey	1.16	Seneca	1.10
Hamilton	1.11	Shelby	1.09
Hancock	1.10	Stark	1.17
Hardin	1.09	Summit	1.16
Harrison	1.18	Trumbull	1.20
Henry	1.09	Tuscarawas	1.16
Highland	1.11	Union	1.09
Hocking	1.13	Van Wert	1.08
Holmes	1.14	Vinton	1.13
Huron	1.12	Warren	1.11
Jackson	1.13	Washington	1.18
Jefferson	1.19	Wayne	1.15
Knox	1.11	Williams	1.09
Lake	1.18	Wood	1.10
Lawrence	1.14	Wyandot	1.10

OKLAHOMA

Beaver	$1.12	Harper	$1.13
Beckham	1.15	Roger Mills	1.15
Cimarron	1.12	Texas	1.12
Ellis	1.15	All other counties	1.17
Harmon	1.15		

OREGON

All counties	$1.23

PENNSYLVANIA

All counties	$1.24

RHODE ISLAND

All counties	$1.29

SOUTH CAROLINA

All counties	$1.22

SOUTH DAKOTA

Aurora	$0.98	Corson	$1.02
Beadle	.97	Custer	1.07
Bennett	1.04	Devison	.98
Bon Homme	1.00	Day	.97
Brookings	.97	Deuel	.97
Brown	.97	Dewey	1.02
Brule	.98	Douglas	.99
Buffalo	.98	Edmunds	.99
Butte	1.04	Fall River	1.08
Campbell	1.00	Faulk	.99
Charles Mix	.99	Grant	.97
Clark	.97	Gregory	.99
Clay	1.02	Haakon	1.02
Codington	.97	Hamlin	.97
		Hand	.98

SOUTH DAKOTA—Continued

County	Rate per bushel	County	Rate per bushel
Hanson	$0.98	Moody	$0.98
Harding	1.04	Pennington	1.04
Hughes	1.00	Perkins	1.03
Hutchinson	1.00	Potter	1.01
Hyde	.99	Roberts	.97
Jackson	1.03	Sanborn	.98
Jerauld	.97	Shannon	1.06
Jones	1.02	Spink	.97
Kingsbury	.97	Stanley	1.02
Lake	.98	Sully	1.00
Lawrence	1.04	Todd	1.02
Lincoln	1.01	Tripp	1.00
Lyman	1.00	Turner	1.01
McCook	.99	Union	1.02
McPherson	.99	Walworth	1.01
Marshall	.97	Washabaugh	1.03
Meade	1.03	Yankton	1.01
Mellette	1.02	Ziebach	1.03
Miner	.98		
Minnehaha	.99		

TENNESSEE

Anderson	$1.22	Lauderdale	$1.16
Bedford	1.19	Lawrence	1.18
Benton	1.18	Lewis	1.18
Bledsoe	1.20	Lincoln	1.18
Blount	1.23	Loudon	1.22
Bradley	1.21	McMinn	1.21
Campbell	1.22	McNairy	1.18
Cannon	1.20	Macon	1.19
Carroll	1.17	Madison	1.17
Carter	1.23	Marion	1.19
Cheatham	1.18	Marshall	1.20
Chester	1.17	Maury	1.18
Claiborne	1.22	Meigs	1.21
Clay	1.20	Monroe	1.22
Cocke	1.23	Montgomery	1.18
Coffee	1.19	Moore	1.20
Crockett	1.17	Morgan	1.21
Cumberland	1.21	Obion	1.16
Davidson	1.19	Overton	1.20
Decatur	1.18	Perry	1.18
De Kalb	1.20	Pickett	1.20
Dickson	1.18	Polk	1.21
Dyer	1.16	Putnam	1.20
Fayette	1.17	Rhea	1.21
Fentress	1.21	Roane	1.22
Franklin	1.18	Robertson	1.18
Gibson	1.16	Rutherford	1.19
Giles	1.18	Scott	1.21
Grainger	1.23	Sequatchie	1.20
Greene	1.23	Sevier	1.23
Grundy	1.20	Shelby	1.16
Hamblen	1.23	Smith	1.19
Hamilton	1.20	Stewart	1.18
Hancock	1.23	Sullivan	1.23
Hardeman	1.17	Sumner	1.19
Hardin	1.18	Tipton	1.16
Hawkins	1.23	Trousdale	1.19
Haywood	1.17	Unicoi	1.23
Henderson	1.17	Union	1.22
Henry	1.17	Van Buren	1.20
Hickman	1.18	Warren	1.20
Houston	1.18	Washington	1.23
Humphreys	1.18	Wayne	1.18
Jackson	1.20	Weakley	1.16
Jefferson	1.23	White	1.20
Johnson	1.23	Williamson	1.19
Knox	1.22	Wilson	1.19
Lake	1.16		

TEXAS

Armstrong	$1.14	Donley	$1.15
Bailey	1.14	Floyd	1.14
Briscoe	1.14	Gray	1.14
Carson	1.14	Hale	1.14
Castro	1.14	Hall	1.15
Childress	1.15	Hansford	1.14
Cochran	1.16	Hartley	1.14
Collingsworth	1.15	Hemphill	1.14
Cottle	1.16	Hockley	1.16
Crosby	1.16	Hutchinson	1.14
Dallam	1.14	King	1.16
Deaf Smith	1.14	Lamb	1.14
Dickens	1.16	Lipscomb	1.14

TEXAS—Continued

County	Rate per bushel	County	Rate per bushel
Lubbock	$1.16	Randall	$1.14
Moore	1.14	Roberts	1.14
Motley	1.16	Sherman	1.14
Ochiltree	1.14	Swisher	1.14
Oldham	1.14	Wheeler	1.15
Parmer	1.14	All other counties	1.19
Potter	1.14		

UTAH

All counties $1.26

VERMONT

All counties $1.29

VIRGINIA

All counties $1.23

WASHINGTON

All counties $1.21

WEST VIRGINIA

All counties $1.22

WISCONSIN

Adams	$1.09	Marathon	$1.10
Ashland	1.09	Marinette	1.11
Barron	1.07	Marquette	1.10
Bayfield	1.06	Menominee	1.11
Brown	1.11	Milwaukee	1.11
Buffalo	1.06	Monroe	1.07
Burnett	1.05	Oconto	1.11
Calumet	1.11	Oneida	1.11
Chippewa	1.07	Outagamie	1.10
Clark	1.09	Ozaukee	1.11
Columbia	1.09	Pepin	1.06
Crawford	1.05	Pierce	1.06
Dane	1.09	Polk	1.06
Dodge	1.10	Portage	1.10
Door	1.12	Price	1.09
Douglas	1.03	Racine	1.11
Dunn	1.07	Richland	1.07
Eau Claire	1.07	Rock	1.09
Florence	1.11	Rusk	1.08
Fond du Lac	1.10	St. Croix	1.06
Forest	1.11	Sauk	1.08
Grant	1.05	Sawyer	1.08
Green	1.08	Shawano	1.11
Green Lake	1.10	Sheboygan	1.11
Iowa	1.08	Taylor	1.09
Iron	1.10	Trempealeau	1.06
Jackson	1.07	Vernon	1.05
Jefferson	1.10	Vilas	1.11
Juneau	1.09	Walworth	1.10
Kenosha	1.11	Washburn	1.07
Kewaunee	1.12	Washington	1.10
La Crosse	1.06	Waukesha	1.10
Lafayette	1.07	Waupaca	1.11
Langlade	1.11	Waushara	1.10
Lincoln	1.10	Winnebago	1.11
Manitowoc	1.12	Wood	1.09

WYOMING

All counties $1.14

(b) *Premiums*—(1) *Moisture.*

Percent:	Cents per bushel:
14.0 or less	+1½
14.1 through 14.5	+1
14.6 through 15.0	+½
15.1 through 15.5	0

(2) *Broken corn and foreign material.*

2.0 percent or less	+1

(c) *Discounts*—(1) *Class.*

Mixed	−2

(2) *Test weight per bushel.*

Pounds:	
53.0 through 53.9	−1
52.0 through 52.9	−2
51.0 through 51.9	−3
50.0 through 50.9	−4
49.0 through 49.9	−5

(3) *Total damage.*

Percent:	Cents per bushel:
5.1 through 6.0	−½
6.1 through 7.0	−1

(4) *Heat damage.*

0.3 through 0.5 percent	−½

(5) *Broken corn and foreign material.*

3.1 through 4.0 percent	−1

(6) *Weed control laws.*

(Where required by § 1421.25)	−10

(7) *Other.* Amounts determined by CCC to represent market discounts for quality factors not specified above which affect the value of the corn such as (but not limited to) moisture, weevily, musty, sour, and rodent excreta. Such discounts will be established not later than the time delivery of corn to CCC begins and will thereafter be adjusted from time to time as CCC determines appropriate to reflect changes in market conditions. Producers may obtain schedules of such factors and discounts at county ASCS offices approximately 1 month prior to the loan maturity date.

Effective date. Since farmers are now harvesting 1971 crop corn in Southern States, it is essential that the foregoing regulations applicable to the 1971 crop corn loan and purchase program be made effective as soon as possible. It is hereby found and determined that compliance with the notice of proposed rule making procedure provided for in the Statement of Policy issued by the Secretary on July 20, 1971 (36 F.R. 13804), is impracticable and contrary to the public interest. Accordingly, these program regulations shall become effective upon filing with the Office of the Federal Register.

Signed at Washington, D.C., on August 9, 1971.

KENNETH E. FRICK,
Executive Vice President,
Commodity Credit Corporation.

[FR Doc.71-11735 Filed 8-16-71;8:45 am]

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. Y]

PART 222—BANK HOLDING COMPANIES

Nonbanking Activities

By notice of proposed rule making published in the FEDERAL REGISTER on January 29, 1971 (36 F.R. 1430), the Board of Governors proposed to implement its regulatory authority under section 4(c)(8) of the Bank Holding Company Act to permit holding companies to engage directly or through a subsidiary in the activity of "acting as insurance agent or broker principally in connection with extensions of credit by the holding company or any of its subsidiaries".

A hearing was held before members of the Board on May 12, 1971, on the question of the extent to which insurance

agency activities are "so closely related to banking or managing or controlling banks as to be a proper incident thereto" within the meaning of section 4(c)(8) of the Act. Extensive preliminary procedures were followed to afford interested parties sufficient opportunity to express their views on the issues involved.

Following consideration of the comments received and the record of the hearing, the Board has amended § 222.4(a) by changing the period at the end thereof to a semicolon and adding subparagraph (9) as set forth below, effective September 1, 1971.

The Board stated that its action on this matter does not affect any determination made by it pursuant to section 4(c)(8) of the Act before January 1, 1971.

In connection with its action on this matter, the Board expressed the expectation that any holding company or subsidiary that acts as an insurance agent on the basis of the new regulatory provision will exercise a fiduciary responsibility—that is, by making its best effort to obtain the insurance at the lowest practicable cost to the customer.

In a related matter, the Board decided not to adopt at this time a general regulatory provision regarding insurance underwriting activities as closely related to banking.

The text of the amendment to § 222.4 (a) reads as follows:

§ 222.4 Nonbanking activities.

(a) *Activities closely related to banking or managing or controlling banks.* * * * The following activities have been determined by the Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto:

* * * * *

(9) acting as insurance agent or broker in offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to the following types of insurance:

(i) Any insurance for the holding company and its subsidiaries;

(ii) Any insurance that (*a*) is directly related to an extension of credit by a bank or a bank-related firm of the kind described in this regulation, or (*b*) is directly related to the provision of other financial services by a bank or such a bank-related firm, or (*c*) is otherwise sold as a matter of convenience to the purchaser, so long as the premium income from sales within this (*c*) does not constitute a significant portion of the aggregate insurance premium income of the holding company from insurance sold pursuant to this subdivision (ii);

(iii) Any insurance sold in a community that (*a*) has a population not exceeding 5,000, or (*b*) the holding company demonstrates has inadequate insurance agency facilities.

* * * * *

Effective date: September 1, 1971.

By order of the Board of Governors, August 5, 1971.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[FR Doc.71-11831 Filed 8-16-71;8:46 am]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

[Airspace Docket No. 71-CE-29]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Designation and Alteration of Transition Area

On page 9663 of the FEDERAL REGISTER dated May 27, 1971, the FAA published a notice of proposed rule making which would amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a transition area at New Madrid, Mo., and to alter the transition area at Malden, Mo.

Interested persons were given 45 days to submit written data, views, or arguments concerning the proposed amendments. Two comments were received. The Air Transport Association offered no objection to the proposal. The Department of the Air Force objected to the proposal unless the effectivity of the instrument approach procedure for County Memorial Airport, New Madrid, Mo., was withheld until November 25, 1971, so that it would not interfere with Oil Burner Route OB-72 which will terminate November 24, 1971. Since the new instrument approach procedure at County Memorial Airport will not be effective until November 25, 1971, the Air Force's objection to the proposal is moot. Accordingly, the proposed amendments are hereby adopted without change and are set forth below.

These amendments shall be effective 0901 G.m.t., November 11, 1971.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on August 2, 1971.

CHESTER W. WELLS,
Acting Director, Central Region.

(1) In § 71.181 (36 F.R. 2140), the following transition area is amended to read:

MALDEN, MO.

That airspace extending upward from 700 feet above the surface within a 6½-mile radius of Malden Municipal Airport (latitude 36°36'20" N., longitude 89°59'20" W.), and within 3 miles each side of the Malden VOR 120° radial, extending from the 6½-mile radius area to 8 miles southeast of the VOR; and that airspace extending upward from 1,200 feet above the surface within an 18½-mile radius of Malden VOR, excluding the portions which overlie the Poplar Bluff, Mo., and Blytheville, Ark., transition areas.

(2) In § 71.181 (36 F.R. 2140), the following transition area is added:

NEW MADRID, MO.

That airspace extending upward from 700 feet above the surface within a 5-mile radius of County Memorial Airport (latitude 36°32'10" N., longitude 89°35'50" W.); and within 2 miles each side of the Malden, Mo., VOR 95° radial, extending from the 5-mile radius area to 8 miles east of the VOR, excluding the portion which overlies the Malden, Mo., 700-foot floor transition area.

[FR Doc.71-11884 Filed 8-16-71;8:50 am]

[Airspace Docket No. 71-CE-62]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Control Zone and Transition Area and Revocation Transition Area

On June 10, 1971, a notice of proposed rule making was published in the FEDERAL REGISTER (36 F.R. 11219, 11220), stating that the FAA proposed to alter the Columbia, Mo. (Regional Airport), control zone and the Columbia, Mo., transition area and to revoke the Ashland, Mo., transition area.

Interested persons were afforded an opportunity to participate in the rule making through the submission of comments. The one comment received endorsed the proposal.

Subsequent to the issuance of the proposal the Columbia Municipal Airport closed and the approach procedures for that airport have been canceled. Such cancellation results in a requirement for less of a transition area designation and the final rule designation will reflect this change.

Since this change will reduce the proposed altered transition area at Columbia, Mo., notice and public procedure hereon are unnecessary.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended effective 0901 G.m.t., October 14, 1971, as hereinafter set forth:

(1) In § 71.171 (36 F.R. 2055), the following control zone is amended to read:

COLUMBIA, MO. (REGIONAL AIRPORT)

Within a 5-mile radius of Columbia Regional Airport (latitude 38°48'49" N., longitude 92°13'12" W.)

(2) In § 71.181 (36 F.R. 2140), the following transition area is amended to read:

COLUMBIA, MO.

That airspace extending upward from 700 feet above the surface within an 8½-mile radius of Columbia Regional Airport (latitude 38°48'49" N., longitude 92°13'12" W.); within 2½ miles each side of the Hallsville, Mo. VORTAC 193° radial extending from the 8½-mile-radius area to 10 miles south of the VORTAC; excluding the portion which overlies the Jefferson City, Mo. 700-foot-floor transition area; and that airspace extending

upward from 1200 feet above the surface within the area bounded on the east by V–175, on the north by V–12, on the south by V–234 and on the west by longitude 92°40'00" W., excluding the portions which overlie the Vichy, Mo. and Kaiser, Mo. transition areas.

(3) In § 71.181 (36 F.R. 2140), the following transition area is revoked:

Ashland, Mo.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on August 5, 1971.

JOHN M. CYROCKI,
Director, Central Region.

[FR Doc.71–11885 Filed 8–16–71;8:50 am]

[Airspace Docket No. 71–CE–65]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Federal Airway

On June 19, 1971, a notice of proposed rule making was published in the FEDERAL REGISTER (36 F.R. 11815) stating that the Federal Aviation Administration was considering an amendment to Part 71 of the Federal Aviation Regulations that would alter V–127 by extending it from Bradford, Ill., to Capital, Ill., via the Mora intersection.

Interested persons were afforded an opportunity to participate in the proposed rule making through the submission of comments. No comments were received.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0901 G.m.t., October 14, 1971, as hereinafter set forth.

In § 71.123 (36 F.R. 2010) V–127 is amended to read as follows:

V–127 From Capital, Ill., INT Capital 013° and Bradford, Ill., 159° radials; Bradford; Polo, Ill.; Rockford, Ill.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Washington, D.C., on August 10, 1971.

T. MCCORMACK,
Acting Chief, Airspace and Air Traffic Rules Division.

[FR Doc.71–11886 Filed 8–16–71;8:50 am]

[Airspace Docket No. 71–EA–73]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Extension of Federal Airway

On May 15, 1971, a notice of proposed rule making was published in the FEDERAL REGISTER (36 F.R. 8963) stating that the Federal Aviation Administration was considering an amendment to Part 71 of the Federal Aviation Regulations that would extend VOR Federal airway No. 188 from Wilkes-Barre, to Sparta, N.J.

Interested persons were afforded an opportunity to participate in the proposed rule making through the submission of comments. All comments received were favorable.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0901 G.m.t., October 14, 1971, as hereinafter set forth.

In § 71.123 (36 F.R. 2010) V–188 is amended by deleting "Wilkes-Barre, Pa."; and substituting "Wilkes-Barre, Pa.; INT Wilkes-Barre 094° and Sparta, N.J., 290° radials; Sparta." therefor.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Washington, D.C., on August 10, 1971.

T. MCCORMACK,
Acting Chief, Airspace and Air Traffic Rules Division.

[FR Doc.71–11887 Filed 8–16–71;8:50 am]

Title 17—COMMODITY AND SECURITIES EXCHANGES

Chapter II—Securities and Exchange Commission

[Releases Nos. 33–5176, 34–9279, AS–122]

PART 211—INTERPRETATIVE RELEASES RELATING TO ACCOUNTING MATTERS (ACCOUNTING SERIES RELEASES)

PART 231—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

PART 241—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

Coverage of Fixed Charges

Certain registration forms under the Securities Act of 1933 require, where debt securities are to be registered, a statement of the ratio of earnings to fixed charges. Certain registration and report forms under the Securities Exchange Act of 1934 permit the showing of such ratio. Registration statements have been filed recently with the Commission wherein the ratio of earnings to fixed charges was computed on the basis of the revenues and expenses set forth in financial statements which did not reflect the revenues and expenses of a substantial portion of the enterprise carried on by the registrant. For example, some issuers operate large affiliated credit companies or supplier companies which themselves are obligated for substantial amounts of fixed charges by reason of debt, leases or other contractual obligations. In addition, the registrant may have guaranteed the debt of a supplier company which is not a subsidiary of the registrant or may have entered into contracts with such supplier which provide for payments designed to service debt of the supplier. The fixed charges of such related companies are frequently not taken into account in computing the ratio of earnings to fixed charges for the registrant (or registrant and consolidated subsidiaries) and, therefore, such ratio standing by itself may be misleading where consideration of the revenues and expenses of the total enterprise would produce a materially different result. It is the position of the Commission that, in such instances, the ratio of earnings to fixed charges for the registrant must be accompanied by effective disclosure of the significance of fixed charges of other companies included in the enterprise whether or not the revenues and expenses of such companies are set forth in the financial statements of the registrant. Such disclosure usually should be accomplished by presenting the ratio of earnings to fixed charges for the total enterprise in equivalent prominence with the ratio for the registrant or registrant and consolidated subsidiaries.

By the Commission, August 10, 1971.

[SEAL] RONALD F. HUNT,
Acting Associate Secretary.

[FR Doc.71–11916 Filed 8–16–71;8:54 am]

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

Notice of Change in Outstanding Securities Quoted in NASDAQ Interdealer Quotation System; Correction

In the Securities and Exchange Commission Release No. 34–9255 which appeared in the FEDERAL REGISTER on August 6, 1971, at 36 F.R. 14465, the section designation in the third column, which read § 240.15b–17, is corrected to read § 240.15d–17.

For the Commission.

[SEAL] RONALD F. HUNT,
Acting Associate Secretary.

[FR Doc.71–11917 Filed 8–16–71;8:54 am]

Title 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T.D. 71–215]

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

Supplies and Equipment for Aircraft

In accordance with section 309(d), Tariff Act of 1930, as amended (19 U.S.C. 1309(d)), the Department of Commerce has found and under date of June 30,

1971, has advised the Treasury Department that Dahomey, Ivory Coast, and Senegal allow privileges to aircraft registered in the United States and engaged in foreign trade substantially reciprocal to those provided for in sections 309 and 317 of the Tariff Act of 1930, as amended (19 U.S.C. 1309, 1317). The same privileges are therefore hereby extended to aircraft registered in Dahomey, Ivory Coast, and Senegal and engaged in foreign trade effective as of the date of such notification.

Accordingly, paragraph (f) of § 10.59, Customs Regulations, is amended by the insertion of Dahomey, Ivory Coast, and Senegal in appropriate alphabetical order and the number of this Treasury decision in the opposite column headed "Treasury Decision(s)" in the list of nations in that paragraph.

(Secs. 309, 317, 624, 46 Stat. 690, as amended, 696, as amended, 759; 19 U.S.C. 1309, 1317, 1624)

[SEAL] EDWIN F. RAINS,
Acting Commissioner of Customs.

Approved: August 4, 1971.

EUGENE H. ROSSIDES,
Assistant Secretary of the Treasury.

[FR Doc.71-11890 Filed 8-16-71;8:56 am]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 204—DANGER ZONE REGULATIONS

Gulf of Mexico, Fla.

Pursuant to the provisions of section 7 of the River and Harbor Act of August 8, 1917 (40 Stat. 266; 33 U.S.C. 1), § 204.112 establishing and governing the use and navigation of a danger zone in the Gulf of Mexico, Fla., is hereby amended with respect to subparagraph (2) of paragraph (b) to remove the crash boat from patrol responsibility effective 30 days after publication in the FEDERAL REGISTER, as follows:

§ 204.112 Gulf of Mexico, south of St. George Island, Fla.; test firing range.

* * * * *

(b) *The regulations.* * * *

(2) During firing, the entire area plus 5 miles beyond in all directions shall be kept under surveillance by one control helicopter equipped with FM and UHF communications to the Safety Office at range control to insure cease fire if an aircraft or surface vessel is observed approaching the area.

* * * * *

[Regs., July 23, 1971, 1522-01 (Gulf of Mexico, Fla.)—ENGCW-ON] (Sec. 7, 40 Stat. 266, 33 U.S.C. 1)

For the Adjutant General.

R. B. BELNAP,
Special Advisor to TAG.

[FR Doc.71-11825 Filed 8-16-71;8:45 am]

Title 18—CONSERVATION OF POWER AND WATER RESOURCES

Chapter I—Federal Power Commission

[Docket No. R-416; Order 436]

PART 4—LICENSES, PERMITS AND DETERMINATION OF PROJECT COSTS

PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR CLASS A AND CLASS B PUBLIC UTILITIES AND LICENSEES

PART 141—STATEMENTS AND REPORTS (SCHEDULES)

PART 154—RATE SCHEDULES AND TARIFFS

PART 156—APPLICATIONS FOR ORDERS UNDER SECTION 7(a) OF THE NATURAL GAS ACT

PART 157—APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND FOR ORDERS PERMITTING AND APPROVING ABANDONMENT UNDER SECTION 7 OF THE NATURAL GAS ACT

PART 201—UNIFORM SYSTEM OF ACCOUNTS FOR NATURAL GAS COMPANIES

PART 260—STATEMENTS AND REPORTS (SCHEDULES)

Uniform Systems of Accounts and Annual and Monthly Report Forms

AUGUST 9, 1971.

On April 1, 1971, the Commission issued a notice of proposed rule making in this proceeding (36 F.R. 6596, Apr. 7, 1971) proposing to amend its Uniform Systems of Accounts, for Classes A and B Public Utilities and Licensees, for Classes A and B Natural Gas Companies, and for FPC Annual Report Forms No. 1, No. 2, and No. 1-M, FPC Monthly Report Forms No. 5 and No. 11; and FPC Form of Initial Cost Statement for Licensed Projects consisting with the amendments to such Uniform Systems of Accounts. The primary purpose of these amendments is to change the title of "Account 432, Interest Charged to Construction—Cr." to "Allowance for Funds Used During Construction" which is believed to be more adequately descriptive of the nature of the account. In addition, the amendment changes the account number 432 to 419.1 so as to logically classify it and relate it to its relocation as presently required for reporting purposes.

Comments were invited from interested parties to be submitted by May 17, 1971. In response to this notice, the Commission has received comments from 11 respondents[1] which include nine electric utilities and two gas utilities.

All respondents were in agreement with the rulemaking. Several of the respondents offered constructive suggestions resulting from the rulemaking which have been included in the final revisions to Commission's Uniform Systems of Accounts and report forms. Although not substantive in nature, they are of considerable value in adding clarity to the overall revisions.

The Commission finds:

(1) The notice and opportunity to participate in this rulemaking proceeding with respect to the matters presently before this Commission through the submission, in writing of data, views, comments, and suggestions in the manner described above, are consistent and in accordance with the procedural requirements prescribed by 5 U.S.C. 553.

(2) The amendments of the Commission's Uniform Systems of Accounts prescribed for Public Utilities and Licensees, of Annual Reports Forms No. 1 and No. 1-M, Monthly Report Form No. 5, Form of Initial Cost Statement for Licensed Projects (FPC Form No. 6), of § 4.41 of the Commission regulations under the Federal Power Act and of § 141.11 of its approved forms under the Federal Power Act, herein prescribed, are necessary and appropriate for administration of the Federal Power Act.

(3) The amendments of the Commission's Uniform System of Accounts prescribed for Natural Gas Companies, of Annual Report Form No. 2 and Monthly Report Form No. 11, and of the Commission's regulations under the Natural Gas Act, herein prescribed, are necessary and appropriate for administration of the Natural Gas Act.

(4) Good cause exists for making the amendments to the Uniform Systems of Accounts, to the regulations and approved forms under the Federal Power Act, to the regulations under the Natural Gas Act, and the revisions of the report forms adopted herein, effective upon issuance of this order.

The Commission, acting pursuant to the provisions of the Federal Power Act, as amended, particularly sections 4, 301, 302, 303, 304, and 309 thereof (41 Stat. 1065, 1066, 1353, 46 Stat. 798, 49 Stat. 839, 840, 841, 854, 855, 856, 858, 859, 61 Stat. 501; 16 U.S.C. 797, 825, 825a, 825b, 825c, 825h) and of the Natural Gas Act, as amended, particularly sections 4, 7, 8, 9, 10, and 16 thereof (52 Stat. 822, 824, 825, 826, 829, 830; 56 Stat. 83, 84; 61 Stat. 459; 76 Stat. 72; 15 U.S.C. 717c, 717f, 717g, 717h, 717i, 717n, 717o) orders:

(A) The Commission's Uniform System of Accounts for Class A and Class B Public Utilities and Licensees prescribed by Part 101, Chapter I, Title 18 of the

[1] American Electric Power Service Corp., Commonwealth Edison Co., Consumers Power Co., The Detroit Edison Co., New England Electric System, Pennsylvania Power and Light Co., Public Service Electric and Gas Co., Public Service Company of Indiana, Inc., Wisconsin Electric Power Co., Natural Gas Pipeline Company of America, and Pacific Gas and Electric Co.

Code of Federal Regulations is amended as follows:

1. The Electric Plant Instruction 3. *Components of Construction Cost* is amended by:

a. Deleting the words "Interest during construction" in the first sentence of item (17) and substituting "Allowance for funds used during construction," therefor.

b. Deleting the word "interest" from the second sentence and substituting "allowance for funds used during construction" therefor.

c. Deleting the word "interest" from the first and second sentences of the "Note" and substituting "allowance for funds used during construction," therefor.

As so amended, that portion of Electric Plant Instruction 3 will read:

Electric Plant Instructions

* * * * *

3. *Components of Construction Cost.*

* * * * *

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation or ready for service, shall be treated as "Electric Plant in Service" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

2. In the text of Balance Sheet Accounts, paragraph F of account "181, Unamortized debt discount and expense" is amended to read as follows:

Balance Sheet Accounts

ASSETS AND OTHER DEBITS

* * * * *

4. DEFERRED DEBITS

181 Unamortized debt discount and expense.

* * * * *

F. Discount, expense, or premium on debt shall not be included as part of the cost of constructing or acquiring any property, tangible or intangible, except under the provisions of account 419.1, Allowance for Funds Used During Construction.

* * * * *

3. In the Chart of Income Accounts amend the chart by adding a new account title "419.1, Allowance for funds used during construction" immediately following account title "419, Interest and dividend income," and by deleting the account title "432, Interest charged to construction—Cr." The amended portion of the Chart of Income Accounts will read:

Income Accounts

(Chart of Accounts)

* * * * *

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

* * * * *

419.1 Allowance for funds used during construction.

* * * * *

4. In the text of Income Accounts, immediately following account "419, Interest and dividend income," add a new account "419.1, Allowance for funds used during construction" and delete account "432, Interest charged to construction—Cr." The new account will read as follows:

419.1 Allowance for funds used during construction.

This account shall include concurrent credits for allowance for funds used during construction based upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon other funds when so used. (See electric plant instruction 3(17).)

(B) The schedule pages 116A, entitled Statement of Income for the Year (continued), 200, entitled Nuclear Fuel Materials (Accounts 120.1 through 120.5 and 157), and 428, entitled General Description of Construction Overhead Procedure, in FPC Form No. 1, Annual Report for Electric Utilities, Licensees and Others (Class A and Class B) prescribed by § 141.1, Chapter I, Title 18, Code of Federal Regulations is amended as set out in Attachment A, hereto.[2]

(C) The schedule page 3, entitled Condensed Income Statement For the Year, in FPC Report Form No. 1–M, Annual Report for Municipal Electric Utilities Having Annual Electric Operating Revenues of $250,000 or More, prescribed by § 141.7, Chapter I, Title 18, Code of Federal Regulations is amended as set out in Attachment B, hereto.[2]

(D) The "Table of Contents" (continued) and schedule pages 10, entitled "Manner and Method of Financing the Project," 12, entitled "Comparison of Actual Cost with Estimate," 40, entitled "Overhead Construction Costs", 55, entitled "Interest During Construction," and 68, entitled "Monthly Construction Expenditures," in the FPC Form of Initial Cost Statement for Licensed Projects (Form No. 6) prescribed by § 141.11, Chapter I, Title 18, Code of Federal Regulations is amended as set out in Attachment C, hereto.[2]

(E) The FPC Report Form No. 5, entitled Electric Utilities Monthly Statement of Operating Revenues and Income, prescribed by §141.25, Chapter I, Title 18 of the Code of Federal Regulations is amended as set out in Attachment D, hereto.[2]

[2] Attachments filed as part of original document.

(F) The Commission's Uniform System of Accounts for Class A and Class B Natural Gas Companies prescribed by Part 201, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

1. The Gas Plant Instruction "3. Components of construction cost" is amended by:

a. Deleting the words "Interest during construction" in the first sentence of item (17) and substituting "Allowance for funds used during construction" therefor.

b. Deleting the word "interest" from the second sentence and substituting "allowance for funds used during construction" therefor.

c. Deleting the word "interest" from the first and second sentences of the "Note" and substituting "allowance for funds used during construction," therefor.

As so amended, that portion of Gas Plant Instruction 3 will read:

Gas Plant Instructions

* * * * *

3. *Components of construction cost.*

* * * * *

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Electric Plant in Service" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

2. In the text of Balance Sheet Accounts, paragraph F of account "181, Unamortized debt discount and expense" is amended to read as follows:

Balance Sheet Accounts

ASSETS AND OTHER DEBITS

* * * * *

4. DEFERRED DEBITS

181 Unamortized debt discount and expense.

* * * * *

F. Discount, expense or premium on debt shall not be included as part of the cost of constructing or acquiring any property, tangible or intangible, except under the provisions of account 419.1, Allowance for Funds Used During Construction.

* * * * *

3. In the Chart of Income Accounts amend the chart by adding a new account title "419.1, Allowance for funds used

during construction" immediately following account title "419, Interest and dividend income," and by deleting the account title "432, Interest charged to construction—Cr." The amended portion of the Chart of Accounts will read:

Income Accounts

(Chart of Accounts)

* * * * *

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

* * * * *

419.1 Allowance for funds used during construction.

* * * * *

4. In the text of Income Accounts, immediately following account "419, Interest and dividend income," add a new account "419.1, Allowance for funds used during construction," and delete account "432, Interest charged to construction—Cr." The new account will read as follows:

419.1 Allowance for funds used during construction.

This account shall include concurrent credits for allowance for funds used during construction based upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon other funds when so used. (See gas plant instructions 3(17).)

(G) The schedule pages 116A, entitled Statement of Income for the Year (continued) and 544, General Description of Construction Overhead Procedure, in the FPC Form No. 2, Annual Report for Natural Gas Companies (Class A and Class B) prescribed by § 260.1, Chapter I, Title 18 of the Code of Federal Regulations is amended as set out in Attachment E, hereto.[2]

(H) The FPC Report Form No. 11, entitled Natural Gas Interstate Pipeline Company Monthly Statement, prescribed by § 260.3, Chapter I, Title 18 of the Code of Federal Regulations is amended as set out in Attachment F, hereto.[3]

(I) The second paragraph of Exhibit N, in § 4.41, Part 4, Chapter I, Title 18 of the Code of Federal Regulations is amended by changing the words "interest during construction" to "allowance for funds used during construction." As so amended, that portion of Exhibit N will read:

* * * * *

§ 4.41 Required exhibits.

* * * * *

Exhibit N. * * *

When required by the Commission or the Secretary, under each item show quantities, unit costs and total costs; indirect construction costs such as construction equipment, camp and commissary, etc., if the work is not to be done under contract; or if under contract include the indirect costs among the various cost items above; overhead construction costs such as engineering, supervision of construction, legal expense, taxes, allowance for funds used during construction, administrative and general expense, and a contingent item, if necessary.

* * * * *

(J) The Schedule C–12 of § 154.63(f), in Part 154, Chapter I, Title 18 of the Code of Federal Regulations is amended by changing the words "interest during construction" to "allowance for funds used during construction." As so amended, Schedule C–12 will read:

* * * * *

§ 154.63 Changes in tariff, executed service agreement or part thereof.

* * * * *

(f) *Description of statements.* * * *

Schedule C–12, which is to be part of the working papers, and may be cross-referenced if such material is in the company's FPC Form No. 2, complete statement of methods and procedures followed in capitalizing allowance for funds used during construction and other construction overheads, including any policy changes, effective dates and reasons therefor for the last 5 calendar years, ending during the 12 months of actual experience.

* * * * *

(K) The first sentence of § 156.5(a)(12) in Part 156, Chapter I, Title 18 of the Code of Federal Regulations is amended by changing the words "interest during construction" to "allowance for funds used during construction." As so amended, that portion of § 156.5(a)(12) will read:

* * * * *

§ 156.5 Exhibits.

(a) *Exhibits to be submitted with application.* * * *

(12) *Exhibit K—Cost of facilities.* A detailed estimate of total capital cost of the proposed facilities involved in the application, showing cost of construction by operating units such as distribution facilities, compressor stations, transmission pipelines and laterals, measuring and regulating stations, and separately stating the cost of rights-of-way, damages, surveys, materials, labor, engineering and inspection, administrative overhead, fees for legal and other services, allowance for funds used during construction, and contingencies. * * *

* * * * *

(L) The first sentence of § 157.14(a)(13), Chapter I, Title 18 of the Code of Federal Regulations is amended by changing the words "interest during construction" to "allowance for funds used during construction." As so amended, that portion of § 157.14(a)(13) will read:

§ 157.14 Exhibits.

(a) *To be attached to each application.* * * *

(13) *Exhibit K—Cost of facilities.* A detailed estimate of total capital cost of the proposed facilities for which application is made, showing cost of construction by operating units such as compressor stations, main pipelines, laterals, measuring and regulating stations, and separately stating the cost of right-of-way, damages, surveys, materials, labor, engineering and inspection, administrative overhead, fees for legal and other services, allowance for funds used during construction, and contingencies. * * *

* * * * *

(M) Section 141.11 in Part 141, Chapter I, Title 18 of the Code of Federal Regulations is amended by revising the section title to read "§ 141.11 Form No. 6, Initial cost statement for licensed projects", and by changing the title of Schedule 14 in section III of paragraph (c) from "14. Interest during construction" to "14. Allowance for funds used during construction". As revised these portions of § 141.11 read:

§ 141.11 Form No. 6, Initial cost statement for licensed projects.

* * * * *

(c) * * *

SECTION III—SUPPORTING DATA

* * * * *

14. Allowance for funds used during construction.

* * * * *

(N) This order is effective upon issuance.

(O) The Secretary of the Commission shall cause prompt publication of this order.

By the Commission.

[SEAL] KENNETH F. PLUMB, *Secretary.*

[F.R. Doc.71-11826 Filed 8-16-71;8:45 am]

Title 22—FOREIGN RELATIONS

Chapter I—Department of State

SUBCHAPTER B—PERSONNEL

[Departmental Reg. 108.640]

PART 11—APPOINTMENT OF FOREIGN SERVICE OFFICERS

Written Examination

Correction

In F.R. Doc. 71–11455 appearing at page 14693 in the issue of Tuesday, August 10, 1971, the following changes should be made:

1. A bracket heading should be inserted as set forth above.

2. The phrase "31-year-old limit" appearing in the third line of the first paragraph should read "31-year age limit".

Title 24—HOUSING AND HOUSING CREDIT

Chapter VII—Federal Insurance Administration, Department of Housing and Urban Development

SUBCHAPTER B—NATIONAL FLOOD INSURANCE PROGRAM

PART 1914—AREAS ELIGIBLE FOR THE SALE OF INSURANCE

List of Designated Areas

Section 1914.4 is amended by adding in alphabetical sequence a new entry to the table, which entry reads as follows:

§ 1914.4 List of designated areas.

State	County	Location	Map No.	State map repository	Local map repository	Effective date of authorization of sale of flood insurance for area
California	Marin	Corte Madera	I 06 041 0870 02 through I 06 041 0870 08	Department of Water Resources, Post Office Box 388, Sacramento, CA 95802. California Insurance Department, 107 South Broadway, Los Angeles, CA 90012, and 1407 Market St., San Francisco, CA 94103.	Corte Madera Town Hall, Tamalpias and Willow Ave., Corte Madera, CA 94925.	Aug. 13, 1971.
Florida	Franklin	Unincorporated areas.				Do.
Iowa	Linn	Cedar Rapids				Do.
Kentucky	Jefferson	Shively				Do.
Missouri	Stoddard	Dexter				Do.
Do	Marion and Ralls	Hannibal				Do.
Do	Gasconade	Hermann				Do.
New Jersey	Ocean	Bay Head Borough.	I 34 029 0180 02	Department of Environmental Protection, Division of Water Resources, Box 1390, Trenton, NJ 08625. New Jersey Department of Insurance, State House Annex, Trenton, N.J. 08625.	Office of the Borough Clerk, Borough Hall, 67 Bridge Ave., Bay Head, NJ 08742.	Do.
Do	do	Seaside Park Borough.	I 34 029 3020 03 I 34 029 3020 04	do	Municipal Bldg., Central and Fifth Aves., Borough of Seaside Park, Ocean County, NJ 08752.	Do.
Do	Morris	Madison Township.				Do.
Oklahoma	Tulsa	Tulsa	I 40 143 4780 10 through I 40 143 4780 19	Oklahoma Water Resources Board, 2241 Northwest 40th St., Oklahoma City, OK 73112. Oklahoma Insurance Department, Room 408, Will Rogers Memorial Bldg., Oklahoma City, Okla. 73105.	Office of the City Engineer, 200 Civic Center, Tulsa, Okla. 74103.	Do.
Pennsylvania	Montgomery	Abington Township.				Do.
Texas	Hunt	Greenville	I 48 231 2860 08 through I 48 231 2860 16	Texas Water Development Board, Post Office Box 12386, Austin, TX 78701. Texas Insurance Department, 1110 San Jacinto St., Austin, TX 78701.	Office of the Department of Community Development, City of Greenville, Greenville, Tex. 75401.	Do.
Do	Kleberg	Unincorporated areas.	I 48 273 0000 03 through I 48 273 0000 10	do	Office of the County Judge, Kleberg County Courthouse, Kingsville, Tex. 78363.	Do.
Do	Cameron	Laguna Vista				Do.
West Virginia	Logan	Mitchell Heights	I 54 045 1780 02	West Virginia Insurance Department, 1800 Washington St. East, Charleston, WV 25305.	Office of the Recorder, Town of Mitchell Heights, Logan, W. Va. 25601.	Do.

(National Flood Insurance Act of 1968 (title XIII of the Housing and Urban Development Act of 1968), effective Jan. 28, 1969 (33 F.R. 17804, Nov. 28, 1968), as amended (secs. 408–410, Public Law 91–152, Dec. 24, 1969), 42 U.S.C. 4001–4127; and Secretary's delegation of authority to Federal Insurance Administrator, 34 F.R. 2680, Feb. 27, 1969)

Issued: August 14, 1971.

GEORGE K. BERNSTEIN,
Federal Insurance Administrator.

[FR Doc.71-11793 Filed 8-16-71;8:45 am]

PART 1915—IDENTIFICATION OF FLOOD-PRONE AREAS

List of Flood Hazard Areas

Section 1915.3 is amended by adding in alphabetical sequence a new entry to the table, which entry reads as follows:

§ 1915.3 List of floor hazard areas.

* * * * * * *

State	County	Location	Map No.	State map repository	Local map repository	Effective date of identification of areas which have special flood hazards
* * *	* * *	* * *	* * *	* * *	* * *	* * *
California	Marin	Corte Madera	H 06 041 0870 02 through H 06 041 0870 08	Department of Water Resources, Post Office Box 388, Sacramento, CA 95802. California Insurance Department, 107 South Broadway, Los Angeles, CA 90012, and 1407 Market St., San Francisco, CA 94103.	Corte Madera Town Hall, Tamalpias and Willow Ave., Corte Madera, CA 94925.	July 18, 1970.
Florida	Franklin	Unincorporated areas.				Aug. 14, 1971.
Iowa	Linn	Cedar Rapids				Do.
Kentucky	Jefferson	Shively				Do.
Missouri	Stoddard	Dexter				Do.
Do	Marion and Rails	Hannibal				Do.
Do	Gasconade	Hermann				Do.
New Jersey	Ocean	Bay Head Borough	H 34 029 0180 02	Department of Environmental Protection, Division of Water Resources, Box 1390, Trenton, NJ 08625. New Jersey Department of Insurance, State House Annex, Trenton, NJ 08625.	Office of the Borough Clerk, Borough Hall, 67 Bridge Ave., Bay Head, NJ 08742.	Nov. 6, 1970.
Do	do	Seaside Park Borough.	H 34 029 3020 03 H 34 029 3020 04	do	Municipal Bldg., Central and Fifth Aves., Borough of Seaside Park, Ocean County, NJ 08752.	Dec. 18, 1970.
Do	Morris	Madison Township.				Aug. 14, 1971.
Oklahoma	Tulsa	Tulsa	H 40 143 4780 10 through H 40 143 4780 19	Oklahoma Water Resources Board, 2241 Northwest 40th St., Oklahoma City, OK 73112. Oklahoma Insurance Department, Room 408, Will Rogers Memorial Bldg., Oklahoma City, Okla. 73105.	Office of the City Engineer, 200 Civic Center, Tulsa, Okla. 74103.	Nov. 20, 1970.
Pennsylvania	Montgomery	Abington Township.				Aug. 14, 1971.
Texas	Hunt	Greenville	H 48 231 2860 08 through H 48 231 2860 16	Texas Water Development Board, Post Office Box 12386, Austin, TX 78701. Texas Insurance Department, 1110 San Jacinto St., Austin, TX 78701.	Office of the Department of Community Development, City of Greenville, Greenville, Tex. 75401.	Jan. 8, 1971.
Do	Kleberg	Unincorporated areas.	H 48 273 0000 03 through H 48 273 0000 10	do	Office of the County Judge, Kleberg County Courthouse, Kingsville, Tex. 78363.	Sept. 28, 1970.
Do	Cameron	Laguna Vista				Aug. 14, 1971.
West Virginia	Logan	Mitchell Heights	H 54 045 1780 02	West Virginia Insurance Department, 1800 Washington St. East, Charleston, WV 25305.	Office of the Recorder, Town of Mitchell Heights, Logan, W. Va. 25601.	Feb. 9, 1971.

(National Flood Insurance Act of 1968 (title XIII of the Housing and Urban Development Act of 1968), effective Jan. 28, 1969 (33 F.R. 17804, Nov. 28, 1968), as amended (secs. 408–410, Public Law 91–152, Dec. 24, 1969), 42 U.S.C. 4001–4127; and Secretary's delegation of authority to Federal Insurance Administrator, 34 F.R. 2680, Feb. 27, 1969)

Issued: August 14, 1971.

GEORGE K. BERNSTEIN,
Federal Insurance Administrator.

[FR Doc.71-11794 Filed 8-16-71;8:45 am]

Title 29—LABOR

Chapter XIII—Bureau of Labor Standards, Department of Labor

PART 1518—SAFETY AND HEALTH REGULATIONS FOR CONSTRUCTION

Miscellaneous Amendments

Pursuant to section 107 of the Contract Work Hours and Safety Standards Act (86 Stat. 96; 40 U.S.C. 333), Part 1518 of Title 29, Code of Federal Regulations, is hereby amended in the manner indicated below. The amendments consist of editorial changes and the correction of typographical errors, except in the case of the amendment to § 1518.2 with regard to variations from safety and health standards. The amendment of § 1518.2 is procedural in nature and applies to variances under section 107 of the Act. The amendment applies the rules of practice governing the issuance of variances under the Williams-Steiger Occupational Safety and Health Act of 1970; and, in addition, permits variances of the same types as are permitted under the Williams-Steiger Occupational Safety and Health Act of 1970. The amendments shall be effective upon publication in the FEDERAL REGISTER (8–17–71). No notice and public procedure or delay in effective date are provided. Notice and public procedure are unnecessary as to the editorial changes which are minor in nature. Also, no delay in effective date is provided since the rules are either procedural or minor in nature requiring no period of adjustment.

The amendments are as follows:

1. Section 1518.2 is amended to read as follows:

§ 1518.2 Variances from safety and health standards.

(a) Variances from standards which are, or may be, published in this part may be granted under the same circumstances whereunder variances may be granted under section 6(b)(6)(A), or 6(d) of the Williams-Steiger Occupational Safety and Health Act of 1970 (29 U.S.C. 65). The procedures for the granting of variances and for related relief under this part are those published in Part 1905 of this title.

(b) Any requests for variances under this section shall also be considered requests for variances under the Williams-Steiger Occupational Safety and Health Act of 1970, and any requests for variances under Williams-Steiger Occupational Safety and Health Act with respect to construction safety or health standards shall be considered to be also variances under the Construction Safety Act. Any variance from a construction safety or health standard which is contained in this part and which is incorporated by reference in Part 1910 of this title shall be deemed a variance from the standard under both the Construction Safety Act and the Williams-Steiger Occupational Safety and Health Act of 1970.

* * * * *

2. Paragraph (h) of § 1518.32 is corrected to read as follows:

§ 1518.32 Definitions.

* * * * *

(h) "Designated person" means "authorized person" as defined in paragraph (d) of this section.

* * * * *

3. The section number printed as § 1518.154, with the caption "Liquefied Petroleum Gas (LP-Gas)" (36 F.R. 7354), is corrected to read: "§ 1518.153 Liquefied petroleum gas (LP-Gas)"; a typographical correction is made in the final sentence of subparagraph (8) of paragraph (h) of this section; and paragraph (i) of this section is corrected to read as follows:

§ 1518.153 Liquefied petroleum gas (LP-Gas).

* * * * *

(h) * * *

(8) * * *

NOTE: The provisions of this subparagraph do not apply to portable heaters under 7,500 B.t.u. per hour input when used with containers having a maximum water capacity of 2½ pounds.

* * * * *

(i) *Multiple container systems.* * * *

* * * * *

4. By deleting the words following the word "Corp.", paragraph (b) of § 1518.404 is corrected to read as follows:

§ 1518.404 Hazardous locations.

* * * * *

(b) All components and utilization equipment used in a hazardous location shall be listed by the Underwriters' Laboratories, Inc., or approved by the Factory Mutual Engineering Corp.

* * * * *

5. In Table L–5 (following § 1518.451 (b)) the size for "Ledgers" is corrected to read as follows:

TABLE L–5—MINIMUM NOMINAL SIZE AND MAXIMUM SPACING OF MEMBERS OF SINGLE POLE SCAFFOLDS—MEDIUM DUTY

* * * * *	
Ledgers	2 x 10 in.
* * * * *	

6. Subparagraph (13) of paragraph (h) of § 1518.451 is corrected to read as follows:

§ 1518.451 Scaffolding.

* * * * *

(h) * * *

(13) When employees are at work on the scaffold and an overhead hazard exists, overhead protection shall be provided on the scaffold, not more than 9 feet above the platform, consisting of 2-inch planking, or material of equivalent strength, laid tight, and extending not less than the width of the scaffold.

* * * * *

7. Paragraph (a) and subparagraph (9) of paragraph (b) of § 1518.601 are corrected to read as follows:

§ 1518.601 Motor vehicles.

(a) *Coverage.* Motor vehicles as covered by this part are those vehicles that operate within an off-highway jobsite, not open to public traffic. The requirements of this section do not apply to equipment for which rules are prescribed in § 1518.602.

(b) *General requirements.* * * *

(9) Seat belts and anchorages meeting the requirements of 49 CFR Part 571 (Department of Transportation, Federal Motor Vehicle Safety Standards) shall be installed in all motor vehicles.

* * * * *

8. Subparagraphs (2)(i), (5), and (7) of paragraph (a) of § 1518.602 are corrected to read as follows:

§ 1518.602 Material handling equipment.

(a) * * *

(2) *Seat belts.* (i) Seat belts shall be provided on all equipment covered by this section and shall meet the requirements of the Society of Automotive Engineers, J386–1969, Seat Belts for Construction Equipment. Seat belts for agricultural and light industrial tractors shall meet the seat belt requirements of Society of Automotive Engineers J333a–1970, Operator Protection for Agricultural and Light Industrial Tractors.

* * * * *

(5) *Fenders.* Pneumatic-tired earthmoving haulage equipment (trucks, scrapers, tractors, and trailing units) whose maximum speed exceeds 15 miles per hour, shall be equipped with fenders on all wheels to meet the requirements of Society of Automotive Engineers SAE J321a–1970, Fenders for Pneumatic-Tired Earthmoving Haulage Equipment. An employer may, of course, at any time seek to show under § 1518.2, that the uncovered wheels present no hazard to personnel from flying materials.

* * * * *

(7) *Rollover protective structures for off-highway trucks.* The promulgation of standards for rollover protective structures for off-highway trucks is reserved pending further study and development.

* * * * *

(Sec. 1, 83 Stat. 96, 97, adding sec. 107 to Public Law 87–581, 76 Stat. 347, 40 U.S.C. 333; sec. Order No. 12–71, 36 F.R. 8754)

Signed at Washington, D.C., this 10th day of August 1971.

G. C. GUENTHER,
Assistant Secretary of Labor for Occupational Safety and Health.

[FR Doc.71–11889 Filed 8–16–71;8:53 am]

Title 32—NATIONAL DEFENSE

Chapter XIV—The Renegotiation Board

SUBCHAPTER B—RENEGOTIATION BOARD REGULATIONS UNDER THE 1951 ACT

PART 1453—MANDATORY EXEMPTIONS FROM RENEGOTIATION

Common Carriers by Water

Section 1453.3(d)(2) *Fiscal years ending on or after December 31, 1953* is amended by deleting in subdivision (i) thereof, the words "January 1, 1970", and inserting in lieu thereof the words "January 1, 1971".

(Sec. 109, 65 Stat. 22; 50 U.S.C.A., App. Sec. 1219)

Dated: August 12, 1971.

LAWRENCE E. HARTWIG,
Chairman.

[FR Doc.71-11957 Filed 8-16-71;8:57 am]

Title 43—PUBLIC LANDS: INTERIOR

Chapter II—Bureau of Land Management, Department of the Interior

SUBCHAPTER A—GENERAL MANAGEMENT (1000)

[Circular No. 2304]

PART 1810—INTRODUCTION AND GENERAL GUIDANCE

Disaster Relief

On page 8956 of the FEDERAL REGISTER of May 15, 1971, there was published a notice and text of a proposed amendment to Subpart 1815 of Title 43, Code of Federal Regulations. The purpose of this amendment is to provide procedures for obtaining relief from damages caused by a major disaster to roads or other development facilities built under timber sale contracts. Such relief was provided for by section 242(a)(b) of the Disaster Relief Act of 1970 (84 Stat. 1744), which repealed the Disaster Relief Act of 1966 (42 U.S.C. 1855aa–1855ii) and the Disaster Relief Act of 1969 (42 U.S.C. 1855ccc).

Interested persons were given 30 days within which to submit comments, suggestions, or objections to the proposed amendment. No comments were received.

The proposed amendment is hereby adopted without change, and is set forth below. This amendment shall become effective on September 15, 1971.

MITCHELL MELICH,
Acting Secretary of the Interior.

AUGUST 9, 1971.

Subpart 1815—Disaster Relief

Sec.
1815.0–3 Authority.
1815.0–5 Definitions.
1815.1 Timber sale contracts.
1815.1–1 Relief granted.
1815.1–2 Applications.

AUTHORITY: The provisions of this Subpart 1815 issued under sec. 242(a)(b), Disaster Relief Act of 1970, 84 Stat. 1744.

Subpart 1815—Disaster Relief

§ 1815.0–3 Authority.

Disaster Relief Act of 1970 (84 Stat. 1744).

§ 1815.0–5 Definitions.

"Major disaster" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, earthquake, drought, fire, or other catastrophe in any part of the United States, which, in the determination of the President, is or threatens to be of sufficient severity and magnitude to warrant disaster assistance by the Federal Government to supplement the efforts and available resources of States, local governments, and relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby, and with respect to which the Governor of any State in which such catastrophe occurs or threatens to occur certifies the need for Federal disaster assistance and gives assurance of the expenditure of a reasonable amount of the funds of such State, its local governments, or other agencies for alleviating the damage, loss, hardship or suffering resulting from such catastrophe.

§ 1815.1 Timber sale contracts.

§ 1815.1–1 Relief granted.

(a) Where an existing timber sale contract does not provide relief to the timber purchaser from major physical change, not due to negligence of the purchaser, prior to approval of construction of any section of specified road or other specified development facility and, as a result of a major disaster, a major physical change results in additional construction work in connection therewith, the United States will bear a share of the increased construction costs. The United States' share will be determined by the authorized officer as follows:

(1) For sales of less than 1 million board feet, costs over $1,000;

(2) For sales of from 1 to 3 million board feet, costs over the sum of $1 per thousand board feet;

(3) For sales of over 3 million board feet, costs over $3,000.

(b) Where the authorized officer determines that the damages caused by such major physical change are so great that restoration, reconstruction, or construction is not practical under this cost-sharing arrangement, he may cancel the timber sale contract notwithstanding any provisions thereof.

§ 1815.1–2 Applications.

(a) *Place of filing.* The application for relief shall be filed in the office which issued the contract.

(b) *Form of application.* No special form of application is necessary.

(c) *Contents of application.* (1) The date of issuance of the contract and any identification number.

(2) The particular disaster and its effect upon contract performance.

(3) An estimate of the damages suffered.

(4) A statement of the relief requested.

(5) An estimate of time which will be needed to overcome the delay in performance caused by the disaster.

[FR Doc.71-11846 Filed 8-16-71;8:47 am]

Title 49—TRANSPORTATION

Chapter V—National Highway Traffic Safety Administration, Department of Transportation

[Docket No. 70-23; Notice 3]

PART 571—FEDERAL MOTOR VEHICLE SAFETY STANDARDS

Motor Vehicle Brake Fluids

Correction

In F.R. Doc. 71-8730 appearing at page 11987 in the issue of Thursday, June 24, 1971, paragraph S6.11.6 of Federal Motor Vehicle Safety Standard No. 116 (§ 571.21) should read as follows:

S6.11.6 *Calculation.* Determine corrosion loss by dividing the change in weight of each metal strip by the total surface area of each strip measured in square centimeters, to the nearest square centimeter. Average the results for the two strips of each type of metal, rounding to the nearest 0.05 mg. per square centimeter. If only one of the duplicates fails for any reason, run a second set of duplicate samples. Both repeat samples shall meet all requirements of S5.1.11.

Chapter X—Interstate Commerce Commission

SUBCHAPTER A—GENERAL RULES AND REGULATIONS

[4th Rev. S.O. 1064]

PART 1033—CAR SERVICE

Distribution of Boxcars

At a session of the Interstate Commerce Commission, Railroad Service

Board, held in Washington, D.C., on the 9th day of August 1971.

It appearing that an acute shortage of plain boxcars with inside length of 40 feet or longer and less than 50 feet, equipped with side doors 9 feet or wider or of plain boxcars with inside length 50 feet or longer and less than 70 feet, regardless of door width, exists throughout the United States; that shippers are being deprived of such cars required for loading creating great economic loss and resulting in a severe emergency; that present rules, regulations, and practices with respect to the use, supply, control, movement, distribution, exchange, interchange, and return of such boxcars to the owning railroads are ineffective; and that orders issued by the Association of American Railroads to promote more equitable distribution have proved ineffective. It is the opinion of the Commission that an emergency exists requiring immediate action to promote car service in the interest of the public and the commerce of the people. Accordingly, the Commission finds that notice and public procedure are impracticable and contrary to the public interest, and that good cause exists for making this order effective upon less than 30 days' notice.

It is ordered, That:

§ 1033.1064 Service Order No. 1064.

(a) *Distribution of boxcars.* Each common carrier by railroad subject to the Interstate Commerce Act shall observe, enforce, and obey the following rules, regulations, and practices with respect to its car service:

(1) Return to owners empty, except as otherwise authorized in subparagraphs (3) and (5) of this paragraph, all plain boxcars which are listed in the registration of the specific railroads named herein in the Official Railway Equipment Register, ICC R.E.R. 379, issued by E. J. McFarland, or successive issues thereof, as having mechanical designation XM, with inside length of 40 feet or longer and less than 50 feet and equipped with side doors 9 feet or wider, or with inside length 50 feet or longer and less than 70 feet regardless of door width, which bear the identification marks shown:

Burlington Northern Inc.
Identification marks—BN, CBQ, GN, NP, SPS.
Chicago, Milwaukee, St. Paul and Pacific Railroad Co.
Identification marks—Milw.
Southern Pacific Transportation Co.
Identification marks—SP.
Union Pacific Railroad Co.
Identification marks—UP.

(2) Plain boxcars described in subparagraph (1) of this paragraph include both plain boxcars in general service and plain boxcars assigned to the exclusive use of a specified shipper.

(3) Except as otherwise provided in subparagraph (5) of this paragraph, boxcars described in subparagraph (1) of this paragraph may be loaded to stations on the lines of the owning railroad, or to any other station which is closer to the owner than the station at which loaded. After unloading at a junction with the car owner, such cars shall be delivered to the car owner at that junction, either loaded or empty.

(4) Boxcars described in subparagraph (1) of this paragraph shall not be back-hauled empty from a junction with the car owner.

(5) Boxcars described in subparagraph (1) of this paragraph located at a point other than a junction with the car owner shall not be back-hauled empty, except for the purpose of loading to a junction with the car owner or to a station on the lines of the car owner.

(6) The return to the owner of a boxcar described in subparagraph (1) of this paragraph shall be accomplished when it is delivered to the car owner, either empty or loaded, as authorized by subparagraph (3) or (5) of this paragraph.

(7) Junction points with the car owner shall be those listed by the car owner in its specific registration in the Official Railway Equipment Register, ICC R.E.R. No. 379, issued by E. J. McFarland, or successive issues thereof, under the heading "Freight Connections and Junction Points."

(8) In using plain boxcars owned by railroads not listed in subparagraph (1) of this paragraph, the railroads named therein shall restrict the use of such cars to traffic destined to a station closer to the car owner than the station at which the car was loaded, or to traffic routed via the lines of the car owner.

(9) In determining distances to the car owner from points of loading or unloading, tariff distances applicable via the lines of the carriers obligated under Car Service Rules 1 and 2 to move the car shall be used.

(10) No common carrier by railroad subject to the Interstate Commerce Act shall accept from shipper any loaded boxcar for movements contrary to the provisions of subparagraph (3), (5), or (8) of this paragraph.

(b) *Application.* The provisions of this order shall apply to intrastate, interstate, and foreign commerce.

(c) *Effective date.* This order shall become effective at 11:59 p.m., August 11, 1971.

(d) *Expiration date.* This order shall expire at 11:59 p.m., September 30, 1971, unless otherwise modified, changed, or suspended by order of this Commission.

(Secs. 1, 12, 15, and 17(2), 24 Stat. 379, 383, 384, as amended; 49 U.S.C. 1, 12, 15, and 17(2). Interprets or applies secs. 1(10-17), 15(4), and 17(2), 40 Stat. 101, as amended, 54 Stat. 911; 49 U.S.C. 1(10-17), 15(4), and 17(2))

It is further ordered, That a copy of this order and direction shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads subscribing to the car service and car hire agreement under the terms of that agreement, and upon the American Short Line Railroad Association; and that notice of this order be given to the general public by depositing a copy in the Office of the Secretary of the Commission at Washington, D.C., and by filing it with the Director, Office of the Federal Register.

By the Commission, Railroad Service Board.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.71-11936 Filed 8-16-71;8:52 am]

Title 50—WILDLIFE AND FISHERIES

Chapter I—Bureau of Sport Fisheries and Wildlife, Fish and Wildlife Service, Department of the Interior

PART 32—HUNTING

Waubay National Wildlife Refuge, S. Dak.

The following special regulation is issued and is effective on date of publication in the FEDERAL REGISTER (8-17-71).

§ 32.32 Special regulations; big game; for individual wildlife refuge areas.

SOUTH DAKOTA

WAUBAY NATIONAL WILDLIFE REFUGE

Public hunting of deer on the Waubay National Wildlife Refuge, S. Dak., is permitted from November 27, 1971, through December 5, 1971, only on the area designated by signs as open to hunting. This area, comprising 4,591 acres, is delineated on a map available at refuge headquarters, Waubay, S. Dak., and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Federal Building, Fort Snelling, Twin Cities, Minn. 55111. Hunting shall be in accordance with all applicable State regulations covering the hunting of deer.

The provisions of this special regulation supplement the regulations which govern hunting on wildlife refuge areas generally which are set forth in Title 50, Code of Federal Regulations, Part 32,

and are effective through December 5, 1971.

BENJAMIN L. GASTINEAU,
Acting Refuge Manager, Waubay National Wildlife Refuge, Waubay, S. Dak.

AUGUST 10, 1971.

[FR Doc.71-11868 Filed 8-16-71;8:50 am]

PART 33—SPORT FISHING

Buffalo Lake National Wildlife Refuge, Tex.

The following special regulation is issued and is effective on date of publication in the FEDERAL REGISTER (8-17-71).

§ 33.5 Special regulations; sport fishing; for individual wildlife refuge areas.

TEXAS

BUFFALO LAKE NATIONAL WILDLIFE REFUGE

Sport fishing on the Buffalo Lake National Wildlife Refuge, Tex., is suspended for the 1971 season. A prolonged drought has resulted in a shortage of water eliminating the fisheries resource in the Buffalo Lake reservoir.

MILTON B. SUTHERS,
Acting Refuge Manager, Buffalo Lake National Wildlife Refuge, Umbarger, Tex.

AUGUST 3, 1971.

[FR Doc.71-11845 Filed 8-16-71;8:47 am]

Title 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

Chapter 18—National Aeronautics and Space Administration

PROCUREMENT REGULATION

Revision of Regulation

Parts 18-15, 18-16, 18-17, 18-23, 18-24, 18-26, 18-50, 18-51, 18-52, and Appendixes A, B, C, E, G, I, and M of Chapter 18, Title 41, Code of Federal Regulations are revised as set forth below. These revisions to Chapter 18 covering changes made by the Basic 1970 Edition and Revision 1 of the NASA Procurement Regulation were effective July 27, 1970, except for interim changes made by Procurement Regulation Directives.

PART 18-15—CONTRACT COST PRINCIPLES AND PROCEDURES

Sec.

18-15.000 Scope of part.

Subpart 18-15.1—Applicability

18-15.101 Scope of subpart.
18-15.102 Cost-reimbursement supply and research contracts with concerns other than educational institutions.
18-15.103 Cost-reimbursement research contracts with educational institutions.
18-15.104 Construction contracts.
18-15.105 Facilities contracts.
18-15.106 Use of cost principles for fixed-price contracts.
18-15.107 Advance understandings on particular cost items.
18-15.108 Grants and contracts with State and Local Governments.

Subpart 18-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

18-15.201 Basic considerations.
18-15.201-1 Composition of total cost.
18-15.201-2 Factors affecting allowability of costs.
18-15.201-3 Definition of reasonableness.
18-15.201-4 Definition of allocability.
18-15.201-5 Credits.
18-15.202 Direct costs.
18-15.203 Indirect costs.
18-15.204 Application of principles and procedures.
18-15.205 Selected costs.
18-15.205-1 Advertising costs.
18-15.205-2 Bad debts.
18-15.205-3 Bidding costs.
18-15.205-4 Bonding costs.
18-15.205-5 Civil defense costs.
18-15.205-6 Compensation for personal services.
18-15.205-7 Contingencies.
18-15.205-8 Contributions and donations.
18-15.205-9 Depreciation.
18-15.205-10 Employee morale, health, and welfare and food service and dormitory cost and credits.
18-15.205-11 Entertainment costs.
18-15.205-12 Costs of idle facilities and idle capacity.
18-15.205-13 Fines and penalties.
18-15.205-14 [Reserved].
18-15.205-15 Fringe benefits.
18-15.206-16 Insurance and indemnification.
18-15.205-17 Interest and other financial costs.
18-15.205-18 Labor relations costs.
18-15.205-19 Losses on other contracts.
18-15.205-20 Maintenance and repair costs.
18-15.205-21 Manufacturing and production engineering costs.
18-15.205-22 Material costs.
18-15.205-23 Organization costs.
18-15.205-24 Other business expenses.
18-15.205-25 Relocation costs.
18-15.205-26 Patent costs.
18-15.205-27 Pension plans.
18-15.205-28 Plant protection costs.
18-15.205-29 Plant reconversion costs.
18-15.205-30 Precontract costs.
18-15.205-31 Professional and consultant service costs—Legal, accounting, engineering and other.
18-15.205-32 Gains and losses on disposition of depreciable property or other capital assets.
18-15.205-33 Recruitment costs.
18-15.205-34 Rental costs (Including sale and leaseback of facilities).
18-15.205-35 Research and development costs.
18-15.205-36 Royalties and other costs for use of patents.
18-15.205-37 Selling costs.
18-15.205-38 Service and warranty costs.
18-15.205-39 Severance pay.
18-15.205-40 Special tooling and special test equipment costs.
18-15.205-41 Taxes.
18-15.205-42 Termination costs.
18-15.205-43 Trade, business, technical, and professional activity costs.
18-15.205-44 Training and educational costs.
18-15.205-45 Transportation costs.
18-15.205-46 Travel costs.
18-15.205-47 Economic planning costs.
18-15.205-48 Automatic data processing equipment (ADPE) leasing costs.

Subpart 18-15.3—Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts With Educational Institutions

18-15.301 Purpose and scope.
18-15.301-1 Objectives.
18-15.301-2 Policy guides.
18-15.301-3 Application.
18-15.302 Definition of terms.
18-15.302-1 Organized research.
18-15.302-2 Departmental research.
18-15.302-3 Research agreement.
18-15.302-4 Other institutional activities.
18-15.302-5 Apportionment.
18-15.302-6 Allocation.
18-15.302-7 Stipulated salary support.
18-15.303 Basic considerations.
18-15.303-1 Composition of total costs.
18-15.303-2 Factors affecting allowability of costs.
18-15.303-3 Reasonable costs.
18-15.303-4 Allocable costs.
18-15.303-5 Applicable credits.
18-15.304 Direct costs.
18-15.304-1 General.
18-15.304-2 Application to research agreements.
18-15.305 Indirect costs.
18-15.305-1 General.
18-15.305-2 Criteria for distribution.
18-15.305-3 Administration of limitations on allowances for indirect costs.
18-15.306 Identification and assignment of indirect costs.
18-15.306-1 General administration and general expenses.
18-15.306-2 Research administration expenses.
18-15.306-3 Operation and maintenance expenses.
18-15.306-4 Library expenses.
18-15.306-5 Departmental administration expenses.
18-15.306-6 Setoff for indirect expenses otherwise provided for by the Government.
18-15.307 Determination and application of indirect cost rate or rates.
18-15.307-1 Indirect cost pools.
18-15.307-2 The distribution base.
18-15.307-3 Negotiated lump sum for overhead.

Sec.
18-15.307-4 Predetermined fixed rates for indirect costs.
18-15.308 Simplified method for small institutions.
18-15.308-1 General.
18-15.308-2 Abbreviated procedure.
18-15.309 General standards for selected items of cost.
18-15.309-1 Advertising costs.
18-15.309-2 Bad debts.
18-15.309-3 Capital expenditures.
18-15.309-4 Civil defense costs.
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AUTHORITY: The provisions of this Part 18-15 issued under 42 U.S.C. 2473(b)(1).

§ 18-15.000 Scope of part.

This Part 18-15 contains general cost principles and procedures for the determination and allowance of costs in connection with the negotiation and administration of cost-reimbursement type contracts and contains guidelines for use, where appropriate, in the evaluation of costs in connection with certain negotiated fixed-price type contracts and contracts terminated for the convenience of the Government.

Subpart 18-15.1—Applicability

§ 18-15.101 Scope of subpart.

This Subpart 18-15.1 describes the applicability of this Part 18-15 to the various types of contracts in connection with which cost principles and procedures are used.

§ 18-15.102 Cost-reimbursement supply and research contracts with concerns other than educational institutions.

This category includes all cost-reimbursement types contracts for supplies, services, or experimental, developmental, or research work (other than with educational institutions, as to which § 18-15.103 applies, and other than with State and local governments as to which § 18-15.108 applies), except that it does not include facilities contracts (see § 18-15.105) or construction contracts (see § 18-15.104). The cost principles and procedures set forth in Subpart 18-15.2 shall be incorporated by reference in cost-reimbursement supply and research contracts with other than educational institutions as the basis for:

(a) Determination of reimbursable costs under such contracts, including cost-reimbursement type subcontracts thereunder, and the cost-reimbursement portion of time-and-materials contracts except in such contracts where material is priced on a basis other than at cost;

(b) The negotiation of overhead rates (Subpart 18-3.7); and

(c) The determination of costs of terminated cost-reimbursement type contracts where the contractor elects to "voucher out" his costs (Subpart 18-8.4) and for settlement of such contracts by determination (§ 18-8.210-7).

§ 18-15.103 Cost-reimbursement research contracts with educational institutions.

This category includes all cost-reimbursement type contracts (§ 18-3.405) for experimental, developmental, or research work with educational institutions. The cost principles and procedures set forth in Subpart 18-15.3 shall be incorporated by reference in cost-reimbursement research contracts with educational institutions as the basis for:

(a) The determination of reimbursable costs under cost-reimbursement type contracts, including cost-reimbursement type subcontracts thereunder;

(b) The negotiation of overhead rates (Subpart 18-3.7);

(c) The determination of costs of terminated cost-reimbursement type contracts where the contractor elects to "voucher out" his costs (Subpart 18-8.4) and for settlement of such contracts by determination (§ 18-8.210-7).

In addition, Subpart 18-15.3 is to be used in determining the allowable costs of research and development performed by educational institutions under grants.

§ 18-15.104 Construction contracts.

(a) Subpart 18-15.4 contains principles and procedures for the evaluation and determination of costs in connection with contracts and subcontracts for construction, and other than with State and local governments as to which § 18-15.108 applies. This category includes all contracts for the construction, alteration, or repair of buildings, bridges, roads, or other kinds of real property. It also includes contracts for architect-engineer services related to such construction. It does not include contracts for vessels, aircraft, or other kinds of personal property.

(b) The applicability of Subpart 18-15.4 to fixed-price type contracts and subcontracts is set forth in Subpart 18-15.6.

(c) Subpart 18-15.4 applies to all cost-reimbursement type contracts for construction, as described in paragraph (a) of this section. The cost principles and procedures set forth in Subpart 18-15.4 shall be incorporated by reference in cost-reimbursement construction contracts as the basis for:

(1) The determination of reimbursable costs under cost-reimbursement type contracts, including cost-reimbursement type subcontracts thereunder;

(2) The negotiation of overhead rates (Subpart 18-3.7); and

(3) The determination of costs of terminated cost-reimbursement type contracts where the contractor elects to "voucher out" his costs (Subpart 18-8.4), and for settlement of such contracts by determination (§ 18-8.210-7).

§ 18-15.105 Facilities contracts.

Subpart 18-15.5 contains principles and procedures for the evaluation and determination of costs under facilities contracts and subcontracts thereunder. Such principles and procedures shall be incorporated by reference in facility contracts as the basis for:

(a) Determination of reimbursable costs under facilities contracts including cost-reimbursement type subcontracts thereunder;

(b) The negotiation of overhead rates (Subpart 18-3.7); and

(c) The determination of costs of terminated facilities contracts where the contractor elects to "voucher out" his cost (Subpart 18-8.4), and for settlement of such contracts by determination (§ 18-8.210-7).

§ 18-15.106 Use of cost principles for fixed-price contracts.

Subpart 18-15.6 provides guidance for the use of Subparts 18-15.2, 18-15.3, and 18-15.4 where appropriate, in the evaluation of costs in connection with the negotiation of certain fixed-price type contracts and termination settlements.

§ 18-15.107 Advance understandings on particular cost items.

The extent of allowability of the selected items of cost covered in Subparts 18-15.2 through 18-15.5 has been stated to apply broadly to many accounting systems in varying contract situations. Thus, as to any given contract, the

reasonableness and allocability of certain items of cost may be difficult to determine, particularly in connection with firms or separate divisions thereof which may not be subject to effective competitive restraints. In order to avoid possible subsequent disallowance or dispute based on unreasonableness or nonallocability, it is important that prospective contractors, particularly those whose work is predominantly or substantially with the Government, seek agreement with the Government in advance of the incurrence of special or unusual costs in categories where reasonableness or allocability is difficult to determine. Such agreement may also be initiated by contracting officers individually or jointly, for all NASA work of the contractor, as appropriate. Any such agreement should be incorporated in cost-reimbursement type contracts, or made a part of the contract file in the case of negotiated fixed-price type contracts, and should govern the cost treatment covered thereby throughout the performance of the contract. But the absence of such an advance agreement on any element of cost will not, in itself, serve to make that element either allowable or unallowable. Examples of costs on which advance agreements may be particularly important are:

(a) Compensation for personal services;

(b) Use charge for fully depreciated assets;

(c) Deferred maintenance costs;

(d) Precontract costs;

(e) Research and development costs;

(f) Royalties;

(g) Selling and distribution costs;

(h) Travel costs, as related to special or mass personnel movement;

(i) Idle facilities and idle capacity;

(j) Leasing of automatic data processing equipment (ADPE); and

(k) Rental costs (other than ADPE).

§ 18–15.108 Grants and contracts with State and local governments.

Subpart 18–15.7 provides principles and standards for determining costs applicable to grants and contracts with State and local governments. They are designed to provide the basis for a uniform approach to the problem of determining costs and to promote efficiency and better relationships between grantees and the Government. These cost principles apply to all programs that involve grants and contracts with State and local governments. They do not apply to grants and contracts with:

(a) Publicly financed educational institutions subject to Subpart 18–15.3; or

(b) Publicly owned hospitals and other providers of medical care subject to requirements promulgated by the sponsoring Government agencies. Any other exceptions will be approved by the Bureau of the Budget in particular cases when adequate justification is presented.

Subpart 18–15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

§ 18–15.201 Basic considerations.

§ 1–15.201–1 Composition of total cost.

The total costs of a contract is the sum of the allowable direct and indirect costs allocable to the contract, incurred or to be incurred, less any allocable credits. In ascertaining what constitutes costs, any generally accepted method of determining or estimating costs that is equitable under the circumstances may be used, including standard costs properly adjusted for applicable variances.

§ 18–15.201–2 Factors affecting allowability of costs.

Factors to be considered in determining the allowability of individual items of costs include (a) reasonableness, (b) allocability, (c) application of those generally accepted accounting principles and practices appropriate to the particular circumstances, and (d) any limitations or exclusions set forth in this Subpart 18–15.2, or otherwise included in the contract as to types or amounts of cost items.

§ 18–15.201–3 Definition of reasonableness.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with firms or separate divisions thereof which may not be subject to effective competitive restraints. What is reasonable depends upon a variety of considerations and circumstances involving both the nature and amount of the cost in question. In determining the reasonableness of a given cost, consideration shall be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the conduct of the contractor's business or the performance of the contract;

(b) The restraints or requirements imposed by such factors as generally accepted sound business practices, arm's-length bargaining, Federal and State laws and regulations, and contract terms and specifications;

(c) The action that a prudent businessman would take in the circumstances, considering his responsibilities to the owners of the business, his employees, his customers, the Government, and the public at large, and

(d) Significant deviations from the established practices of the contractor which may unjustifiably increase the contract costs.

§ 18–15.201–4 Definition of allocability.

A cost is allocable if it is assignable or chargeable to a particular cost objective, such as a contract, product, product line, process, or class of customer or activity, in accordance, with the relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it:

(a) Is incurred specifically for the contract;

(b) Benefits both the contract and other work, or both Government work and other work, and can be distributed to them in reasonable proportion to the benefits received; or

(c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

§ 18–15.201–5 Credits.

The applicable portion of any income, rebate, allowance, and other credit relating to any allowable cost, received by or accruing to the contractor, shall be credited to the Government either as a cost reduction or by cash refund, as appropriate.

§ 18–15.202 Direct costs.

(a) A direct cost is any cost which can be identified specifically with a particular cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with the contract are direct costs of the contract and are to be charged directly thereto. Costs identified specifically with other work of the contractor are direct costs of that work and are not to be charged to the contract directly or indirectly. When items ordinarily chargeable as indirect costs are charged to Government work as direct costs, the cost of like items applicable to other work of the contractor must be eliminated from indirect costs allocated to Government work.

(b) This definition shall be applied to all items of cost of significant amount unless the contractor demonstrates that

the application of any different current practice achieves substantially the same results. Direct cost items of minor amount may be distributed as indirect costs as provided in § 18–15.203.

§ 18–15.203 Indirect costs.

(a) An indirect cost is one which, because of its incurrence for common or joint objectives, is not readily subject to treatment as a direct cost. Minor direct cost items may be considered to be indirect costs for reasons of practicality. After direct costs have been determined and charged directly to the contract or other work, as appropriate, indirect costs are those remaining to be allocated to the several classes of work.

(b) Indirect costs shall be accumulated by logical cost groupings with due consideration of the reasons for incurring the costs. Each grouping should be determined so as to permit distribution of the grouping on the basis of the benefits accruing to the several cost objectives. Commonly, manufacturing overhead, selling expenses, and general and administrative expenses are separately grouped. Similarly, the particular case may require subdivisions of these groupings, e.g., building occupancy costs might be separable from those of personnel administration within the manufacturing overhead group. The number of composition of the groupings should be governed by practical considerations and should be such as not to complicate unduly the allocation where substantially the same results are achieved through less precise methods.

(c) Each cost grouping shall be distributed to the appropriate cost objectives. This necessitates the selection of a distribution base common to all cost objectives to which the grouping is to be allocated. The base should be selected so as to permit allocation of the grouping on the basis of the benefits accruing to the several cost objectives. This principle for selection is not to be applied so rigidly as to complicate unduly the allocation where substantially the same results are achieved through less precise methods. Once an appropriate base for the distribution of indirect costs has been accepted, such base shall not be fragmented by the removal of individual elements. Consequently, all items properly includable in an indirect cost base should bear a pro rata share of indirect costs irrespective of their acceptance as Government contract costs. For example, when a cost of sales base is deemed appropriate for the distribution of G&A, all items chargeable to cost of sales, whether allowable or unallowable, shall be included in the base and bear their pro rata share of G&A costs.

(d) The method of allocation of indirect costs must be based on the particular circumstances involved. The method shall be in accord with those generally accepted accounting principles which are applicable in the circumstanes. The contractor's established practices, if in accord with such accounting principles, shall generally be acceptable. However, the method used by the contractor may require re-examination when:

(1) Any substantial difference occurs between the cost patterns of work under the contract and other work of the contractor;

(2) Any significant change occurs in the nature of the business, the extent of subcontracting, fixed asset improvement programs, the inventories, the volume of sales and production, manufacturing processes, the contractor's products, or other relevant circumstances; or

(3) Indirect cost groupings developed for a contractor's primary location are applied to offsite locations. Separate cost groupings for costs allocable to offsite locations may be necessary to permit equitable distribution of costs on the basis of the benefits accruing to the several cost objectives.

(e) A base period for allocation of indirect costs is the period during which such costs are incurred and accumulated for distribution to work performed in that period. Normally, the base period will be the contractor's fiscal year; however, use of a shorter period may be appropriate in case of (1) contracts whose performance involves only a minor portion of the fiscal year, or (2) where it is general practice in the industry to use a shorter period. In any event, the base period or periods shall be so selected as to avoid inequities in the allocation of costs. When the contract is performed over an extended period of time, as many such base periods will be used as will be required to represent the period of contract performance.

(f) Special care should be exercised in applying the principles in paragraphs (b), (c), and (d) of this section when Government-owned contractor operated plants are involved. The distribution of corporate, division, or branch office general and administration expenses to such plants when they operate with little or no dependence on corporate administrative activities, may require more precise cost groupings, detailed accounts screening, and carefully developed distribution bases.

(g) Other considerations with respect to overhead are set forth in Subpart 18–3.7.

§ 18–15.204 Application of principles and procedures.

(a) Costs shall be allowed to the extent that they are reasonable (see § 18–15.201–3), allocable (see § 18–15.201–4), and determined to be allowable in view of the other factors set forth in §§ 18–15.201–2 and 18–15.205. These criteria apply to all of the selected items of cost which follow, notwithstanding that particular guidance is provided in connection with certain specific items for emphasis or clarity.

(b) Costs incurred as reimbursements to a subcontractor under a cost-reimbursement type subcontract of any tier above the first fixed-price subcontract are allowable to the extent that allowance is consistent with this Part 18–15 which is appropriate to the subcontract involved. Thus, if the subcontract is for supplies, such costs are allowable to the extent that the subcontractor's costs would be allowable if this Subpart 18–15.2 were incorporated in the subcontract; if the subcontract is for construction, such costs are allowable to the extent that the subcontractor's costs would be allowable if Subpart 18–15.4 were incorporated in the subcontract.

(c) Selected items of costs are treated in § 18–15.205. However, § 18–15.205 does not cover every element of cost and every situation that might arise in a particular case. Failure to treat any item of cost in § 18–15.205 is not intended to imply that it is either allowable or unallowable. With respect to all items, whether or not specifically covered, determination of allowability shall be based on the principles and standards set forth in this subpart and, where appropriate, the treatment of similar or related selected items.

§ 18–15.205 Selected costs.

§ 18–15.205–1 Advertising costs.

(a) Advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio, and television programs, direct mail, trade papers, outdoor advertising, dealer cards, and window displays, conventions, exhibits, free goods, and samples, and the like.

(b) The only advertising costs allowable are those which are solely for (1) the recruitment of personnel required for the performance by the contractor of obligations arising under the contract, when considered in conjunction with all other recruitment costs, as set forth in § 18–15.205–33; (2) the procurement of scarce items for the performance of the contract; or (3) the disposal of scrap or surplus materials acquired in the performance of the contract. Costs of this

nature, if incurred for more than one NASA contract or for both NASA work and other work of the contractor, are allowable to the extent that the principles in §§ 18–15.201–3, 18–15.201–4, and 18–15.203 are observed.

(c) Advertising costs other than those specified above are not allowable.

§ 18–15.205–2 Bad debts.

Bad debts, including losses (whether actual or estimated) arising from uncollectible customers' accounts and other claims, related collection costs, and related legal costs are unallowable.

§ 18–15.205–3 Bidding costs.

Biddings costs are the costs of preparing bids or proposals on potential Government and non-Government contracts or projects, including the development of engineering data and cost data necessary to support the contractor's bids or proposals. Bidding costs of the current accounting period of both successful and unsuccessful bids and proposals normally will be treated as allowable indirect costs, in which event no bidding costs of past accounting periods shall be allowable in the current period to the Government contract. However, if the contractor's established practice is to treat bidding costs by some other method, the results obtained may be accepted only if found to be reasonable and equitable.

§ 18–15.205–4 Bonding costs.

(a) Bonding costs arise when the Government requires assurance against financial loss to itself or others by reason of the act or default of the contractor. They arise also in instances where the contractor requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

(b) Costs of bonding required pursuant to the terms of the contract are allowable.

(c) Costs of bonding required by the contractor in the general conduct of his business are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

§ 18–15.205–5 Civil defense costs.

(a) Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first aid training and supplies, firefighting training and equipment, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the contractor's premises pursuant to suggestions or requirements of civil defense authorities are allowable when allocated to all work of the contractor.

(b) Costs of capital assets under paragraph (a) of this section are allowable through depreciation in accordance with § 18–15.205–9.

(c) Contributions to local civil defense funds and projects are unallowable.

§ 18–15.205–6 Compensation for personal services.

(a) *General.* (1) Compensation for personal services includes all remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees to the contractor during the period of contract performance. It includes, but is not limited to, salaries, wages, directors', and executive committee members' fees, bonuses (including stock bonuses), incentive awards, employee stock options, employee insurance, fringe benefits, and contributions to pension, annuity, and management employee incentive compensation plans. Except as otherwise specifically provided in this § 18–15.205–6, such costs are allowable to the extent that the total compensation of individual employees is reasonable for the services rendered and they are not in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder.

(2) Compensation is reasonable to the extent that the total amount paid or accrued is commensurate with compensation paid under the contractor's established policy and conforms generally to compensation paid by other firms of the same size, in the same industry, or in the same geographic area, for similar services. In the administration of this principle, it is recognized that not every compensation case need be subjected in detail to the above test. Such test need be applied only to those cases in which a general review reveals amounts or types of compensation which appear unreasonable or otherwise out of line. However, certain conditions give rise to the need for special consideration and possible limitation as to allowability for contract cost purposes where amounts appear excessive. Among such conditions are the following:

(i) Compensation to owners of closely held corporations, partners, sole proprietors, or members of the immediate families thereof, or to persons who are contractually committed to acquire a substantial financial interest in the contractor's enterprise. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of profits.

(ii) Any change in a contractor's compensation policy resulting in a substantial increase in the contractor's level of compensation, particularly when it was concurrent with an increase in the ratio of Government contracts to other business, or any change in the treatment of allowability of specific types of compensation due to changes in Government policy.

(iii) The contractor's business is such that his compensation levels are not subject to the restraints normally occurring in the conduct of competitive business.

(3) Compensation in lieu of salary for services rendered by partners and sole proprietors will be allowed to the extent that it is reasonable and does not constitute a distribution of profits.

(4) Notwithstanding any other provisions of this § 18–15.205–6, costs of compensation are not allowable to the extent that they result from provisions of labor-management agreements that, as applied to work in the performance of Government contracts, are determined to be unreasonable either because they are unwarranted by the character and circumstances of the work or because they are discriminatory against the Government. The application of the provisions of a labor-management agreement designed to apply to a given set of circumstances and conditions of employment (for example, work involving extremely hazards activities or work not requiring recurrent use of overtime) is unwarranted when applied to a Government contract involving significantly different circumstances and conditions of employment (for example, work involving less hazardous activities or work continually requiring use of overtime). It is discriminatory against the Government if it results in individual personnel compensation (in whatever form or name) in excess of that being paid for similar non-Government work under comparable circumstances. Disallowance of costs will not be made under this subparagraph (4) unless:

(i) The contractor has been permitted an opportunity to justify the costs; and

(ii) Due consideration has been given to whether unusual conditions pertain

to the Government contract work, imposing burdens, hardships, or hazards on the contractor's employees, for which compensation that might otherwise appear unreasonable is required to attract and hold necessary personnel.

(5) In addition to the general requirements set forth in subparagraphs (1) through (4) of this paragraph, certain forms of compensation are subject to further requirements as specified in paragraphs (b) through (i) of this section.

(b) *Salaries and wages.* Salaries and wages for current services include gross compensation paid to employees in the form of cash, products, or services, and are allowable. However, premiums for overtime, extra-pay shifts, and multi-shift work are allowable to the extent approved pursuant to § 18–12.102.

(c) *Cash bonuses and incentive compensation.* Incentive compensation for management employees, cash bonuses, suggestion awards, safety awards, and incentive compensation based on production, cost reduction, or efficient performance are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the contractor and the employees before the services were rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payment (but see § 18–15.107). Bonuses, awards, and incentive compensation when any of them are deferred are allowable to the extent provided in paragraph (f) of this section.

(d) *Bonuses and incentive compensation paid in stock.* Costs of bonuses and incentive compensation paid in the stock of the contractor or of an affiliate are allowable to the extent set forth in paragraph (c) of this section (including the incorporation of the principles of paragraph (f) of this section for deferred bonuses and incentive compensation), subject to the following additional requirements:

(1) Valuation placed on the stock transferred shall be the fair market value at the time of transfer, determined upon the most objective basis available; and

(2) Accruals for the cost of stock prior to the issuance of such stock to the employees shall be subject to adjustment according to the possibilities that the employees will not receive such stock and their interest in the accruals will be forfeited.

Such costs otherwise allowable are subject to adjustment according to the principles set forth in paragraph (f)(3) of this section (but see § 18–15.107).

(e) *Stock options.* The cost of options to employees to purchase stock of the contractor or of an affiliate is unallowable.

(f) *Deferred compensation.* (1) As used herein, deferred compensation includes all remuneration, in whatever form, for which the employee is not paid until after the lapse of a stated period of years or the occurrence of other events as provided in the plans, except that it does not include normal end of accounting period accruals. It includes (i) contributions to pension, annuity, stock bonus, and profit-sharing plans; (ii) contributions to disability, withdrawal, insurance, survivorship, and similar benefit plans; and (iii) other deferred compensation, whether paid in cash or in stock.

(2) Deferred compensation is allowable to the extent that (i) except for past service pension and retirement costs, it is for services rendered during the contract period; (ii) it is, together with all other compensation paid to the employee, reasonable in amount; (iii) it is paid pursuant to an agreement entered into in good faith between the contractor and employees before the services are rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payments; and (iv) for a plan which is subject to approval by the Internal Revenue Service, it falls within the criteria and standards of the Internal Revenue Code and the regulations of the Internal Revenue Service (but see § 18–15.107).

(3) In determining the cost of deferred compensation allowable under the contract, appropriate adjustments shall be made for credits or gains, including those arising out of both normal and abnormal employee turnover, or any other contingencies that can result in a forfeiture by employees of such deferred compensation. Adjustments shall be made only for forfeitures which directly or indirectly inure to the benefit of the contractor; forfeitures which inure to the benefit of other employees covered by a deferred compensation plan with no reduction in the contractor's costs will not normally give rise to adjustment in contract costs. Adjustments for normal employee turnover shall be based on the contractor's experience and on foreseeable prospects, and shall be reflected in the amount of cost currently allowable. Such adjustments will be unnecessary to the extent that the contractor can demonstrate that his contributions take into account normal forfeitures. Adjustments for possible future abnormal forfeitures shall be effected according to the following rules:

(i) Abnormal forfeitures that are foreseeable and which can be currently evaluated with reasonable accuracy, by actuarial or other sound computation, shall be reflected by an adjustment of current costs otherwise allowable; and

(ii) Abnormal forfeitures, not within subparagraph (i) of this paragraph, may be made the subject of agreement between the Government and the contractor either as to an equitable adjustment or a method of determining such adjustment.

(4) In determining whether deferred compensation is for services rendered during the contract period or is for future services, consideration shall be given to conditions imposed upon eventual payment, such as requirements of continued employment, consultation after retirement, and covenants not to compete.

(4) In determining whether deferred compensation is for services rendered during the contract period or is for future services, consideration shall be given to conditions imposed upon eventual payment, such as requirements of continued employment, consultation after retirement, and covenants not to compete.

(g) *Fringe benefits.* Fringe benefits are allowances and services provided by the contractor to his employees as compensation in addition to regular wages and salaries. Costs of fringe benefits, such as pay for vacations, holidays, sick leave, military leave, employee insurance, and supplemental unemployment benefit plans are allowable to the extent required by law, employer-employee agreement, or an established policy of the contractor.

(h) *Severance pay.* See § 18–15.205–39.

(i) *Training and education expenses.* See § 18.205–44.

(j) *Location allowances.* "Location allowances," sometimes called "supplemental pay" or "incentive pay," are allowable to the extent consistent with ASPR 12–105.

§ 18–15.205–7 Contingencies.

(a) A contingency is a possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminable at the present time.

(b) In historical costing, contingencies are not normally present since such costing deals with costs which have been

incurred and recorded on the contractor's books. Accordingly, contingencies are generally unallowable for historical costing purposes. However, in some cases, as, for example, terminations, a contingency factor may be recognized which is applicable to a past period to give recognition to minor unsettled factors in the interest of expeditious settlement.

(c) In connection with estimates of future costs, contingencies fall into two categories:

(1) Those which may arise from presently known and existing conditions, the effects of which are foreseeable within reasonable limits of accuracy; e.g., anticipated costs of rejects and defective works; in such situations where they exist, contingencies of this category are to be included in the estimates of future cost so as to provide the best estimate of performance costs; and

(2) Those which may arise from presently known or unknown conditions, the effect of which cannot be measured so precisely as to provide equitable results to the contractor and to the Government; e.g., results of pending litigation, and other general business risks. Contingencies of this category are to be excluded from cost estimates under the several items of cost, but should be disclosed separately, including the basis upon which the contingency is computed, in order to facilitate the negotiation of appropriate contractual coverage. (See, for example, §§ 18–15.205–16, 18–15.205–20, and 18–15.205–39.)

§ 18–15.205–8 Contributions and donations.

Contributions and donations are unallowable.

§ 18–15.205–9 Depreciation.

(a) Depreciation is a charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life has reference to the prospective period of economic usefulness in the particular contractor's operations as distinguished from physical life and shall be evidenced by the actual or estimated retirement and replacement practice of the contractor.

(b) Normal depreciation on a contractor's plant, equipment, and other capital facilities is an allowable element of contract cost provided the contractor is able to demonstrate that such costs are reasonable and properly allocable to the contract. Subject to paragraphs (e) and (f) of this section:

(1) Depreciation will ordinarily be considered reasonable if the contractor follows depreciation policies and procedures which:

(i) Are consistent with the policies and procedures he follows in the same cost center in connection with his business other than Government business;

(ii) Are reflected in his books of accounts and financial statement; and

(iii) Are used by him for Federal income tax purposes, and are acceptable for such purposes;

(2) Where the depreciation reflected on a contractor's books of account and financial statements differs from that used and acceptable for Federal income tax purposes, reimbursement shall be based upon the cost of the asset to the contractor amortized over the estimated useful life of the property using depreciation methods (straight line, sum of the years' digits, etc.) acceptable for income tax purposes. Allowable depreciation shall not exceed the amounts used for book and statement purposes and shall be determined in a manner consistent with the depreciation policies and procedures followed in the same cost center in connection with his business other than Government business.

(3) Depreciation for reimbursement purposes in the case of tax-exempt organizations shall be determined on the basis outlined in subparagraph (2) of this paragraph.

(c) Special considerations are required for assets acquired prior to the effective date of this principle where, on the effective date of this principle, the undepreciated balance of such assets resulting from depreciation policies and procedures used previously for Government contracts and subcontracts is different from the undepreciated balance of such assets on the books and financial statements. Generally, the undepreciated balance for contract cost purposes shall be depreciated over the remaining life using the methods and lives followed for book purposes. The aggregate depreciation on any asset allowable after the effective date of this § 18–15.205–9 shall not exceed the cost basis of the asset less any depreciation allowed or allowable under prior procurement regulations.

(d) Depreciation should usually be allocated to the contract and other work as an indirect cost. The amount of depreciation allowed in any accouting period may, consistent with the basic objectives set forth in paragraph (a) of this section, vary with volume of production or use of multishift operations.

(e) In the case of emergency facilities covered by certificates of necessity, a contractor may elect to use normal depreciation without requesting a determination of "true depreciation" or may elect to use either normal or "true depreciation" after a determination of "true depreciation" has been made by an Emergency Facilities Depreciation Board. The method elected must be followed consistently throughout the life of the emergency facility. When an election is made to use normal depreciation, the criteria in paragraph (b) of this section shall apply for both the emergency period and the postemergency period. When an election is made to use "true depreciation," the amount allowable as depreciation—

(1) With respect to the emergency period (5 years), shall be computed in accordance with the determination of the Emergency Facilities Depreciation Board and allocated rateably over the full 5-year emergency period, provided no other allowance is made which would duplicate the factors, such as extraordinary obsolescence, covered by the Board's determination; and

(2) After the end of the emergency period, shall be computed by distributing the remaining undepreciated portion of the cost of the emergency facility over the balance of its useful life provided the remaining undepreciated portion of such cost shall not include any amount of unrecovered "true depreciation."

(f) No depreciation, rental, or use charge shall be allowed on property acquired at no cost from the Government by the contractor or by any division, subsidiary, or affiliate of the contractor under a common control.

(g) The depreciation on any item which meets the criteria for allowance

at a "price" in accordance with § 18–15.205–22(e) may be based on such price, provided the same depreciation policies and procedures are used for costing purposes for all business of the using division, subsidiary or organization under common control.

(h) No depreciation or rental shall be allowed on property fully depreciated by the contractor or by any division, subsidiary, or affiliate of the contractor under a common control; however, a reasonable charge for the use of fully depreciated property may be agreed upon and allowed (but see § 18–15.107). In determining this charge, consideration should be given to cost, total estimated useful life at time of negotiation, effect of any increased maintenance charges or decreased efficiency due to age and the amount of depreciation, if any, previously charged to Government contracts or subcontracts.

§ 18–15.205–10 Employee morale, health, welfare, and food service and dormitory costs and credits.

(a) Employee morale, health, and welfare activities are those services or benefits provided by the contractor to its employees to improve working conditions, employer-employee relations, employee morale and employee performance. Such activities include house publications, health or first-aid clinics, recreation, employee counseling services and, for the purpose of this § 18–15.205–10, food and dormitory services. Food and dormitory services include operating or furnishing facilities for cafeterias, dining rooms, canteens, lunch wagons, vending machines, living accommodations or similar types of services for the contractor's employees at or near the contractor's facilities.

(b) Except as limited by paragraph (c) of this section, the aggregate of costs incurred on account of all activities mentioned in paragraph (a) of this section, less income generated by all such activities is allowable to the extent that the net amount is reasonable.

(c) Losses from the operation of food and dormitory services may be included as cost incurred under paragraph (b) of this section, only if the contractor's objective is to operate such services on a break-even basis. Losses sustained because food services or lodging accommodations are furnished without charge or at prices or rates which obviously would not be conducive to accomplishment of the above objective, are not allowable, except that a loss may be allowed to the extent the contractor can demonstrate that unusual circumstances exist (e.g. (1) where the contractor must provide food or dormitory services at remote locations where adequate commercial facilities are not reasonably available or (2) where it is necessary to operate a facility at a lower volume than the facility could economically support) such that, even with efficient management, operation of the services on a break-even basis would require charging inordinately high prices or prices or rates higher than those charged by commercial establishments offering the same services in the same geographical areas. Cost of food and dormitory services shall include an allocable share of indirect expenses pertaining to these activities.

(d) In those situations where the contractor has an arrangement authorizing an employee association to provide or operate a service such as vending machines in the contractor's plant, and retain the profits derived therefrom, such profits shall be treated in the same manner as if the contractor were providing the service (but see paragraph (e) of this section).

(e) Contributions by the contractor to an employee organization, including funds set over from vending machine receipts or similar sources, may be included as cost incurred under paragraph (b) of this section only to the extent that the contractor demonstrates that an equivalent amount of the costs incurred by the employee organization would be allowable if incurred by the contractor directly.

§ 18–15.205–11 Entertainment costs.

Costs of amusement, diversion, social activities, and incidental costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable (see §§ 18–15.205–10 and 18–15.205–43).

§ 18–15.205–12 Cost of idle facilities and idle capacity.

(a) As used in this section the words and phrases defined in this subparagraph (a) shall have the meanings set forth below.

(1) "Facilities" means plant or any portion thereof (inclusive of land integral to the operation); equipment individually or collectively; or any other tangible capital asset, wherever located, and whether owned or leased by the contractor.

(2) "Idle facilities" means completely unused facilities that are excess to the contractor's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between that which a facility could achieve under 100 percent operating time on a one shift[1] basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and the extent to which the facility was actually used to meet demands during the accounting period.

(4) "Costs of idle facilities or idle capacity" are costs such as maintenance, repair, housing, rent, and other related costs, e.g., property taxes, insurance, and depreciation.

(b) The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload; they were necessary when acquired and are now idle because of changes in program requirements, contractor efforts to produce more economically, reorganization, termination, or other causes which could not have been reasonably foreseen.

Under the exception stated in subparagraph (2) of this paragraph (b), costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed 1 year, depending upon the initiative taken to use, lease, or dispose of such facilities (but see §18–15.225–42 (b) and (e)).

(c) The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or overhead rates from period to period. Such costs are allowable, provided the capacity is reasonably anticipated to be necessary or was originally

[1] A multiple shift basis may be used if it can be shown that this amount of usage could normally be expected for the type of facility involved.

reasonable and is not subject to reduction or elimination by subletting, renting, or sale, in accordance with sound business, economics, or security practices. Widespread idle capacity throughout an entire plant or among a group of assets having substantially the same function may be idle facilities.

(d) Costs for idle facilities or idle capacity reserved for defense mobilization production are generally unallowable on a NASA contract. These costs should be covered by a separate contract between the Department of Defense and the contractor.

§ 18–15.205–13 Fines and penalties.

Costs of fines and penalties resulting from violations of, or failure of the contractor to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the contract, or instructions in writing from the contracting officer.

§ 18–15.205–15 Fringe benefits.

See § 18–15.205–6(g).

§ 18–15.205–16 Insurance and indemnification.

(a) Insurance includes insurance which the contractor is required to carry, or which is approved, under the terms of the contract; and any other insurance which the contractor maintains in connection with the general conduct of his business.

(1) Costs of insurance required or approved, and maintained, pursuant to the contract, are allowable.

(2) Costs of other insurance maintained by the contractor in connection with the general conduct of his business are allowable subject to the following limitations:

(i) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances;

(ii) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of profit;

(iii) Costs of insurance or of any provision for a reserve covering the risk of loss of or damage to Government property are allowable only to the extent that the contractor is liable for such loss or damage and such insurance or reserve does not cover loss or damage which results from willful misconduct or lack of good faith on the part of any of the contractor's directors or officers, or other equivalent representatives, who has supervision or direction of (*a*) all or substantially all of the contractor's business, or (*b*) all or substantially all of the contractor's operations at any one plant or separate location in which the contract is being performed, or (c) a separate and complete industrial operation in connection with the performance of the contract;

(iv) Provisions for a reserve under an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks; and

(v) Costs of insurance on the lives of officers, partners, or proprietors are allowable only to the extent that the insurance represents additional compensation (see § 18–15.205–6).

(3) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the contract, except:

(i) costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice, are allowable; and

(ii) minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of doing business, are allowable.

(b) Indemnification includes securing the contractor against liabilities to third persons and any other loss or damage not compensated by insurance or otherwise. The Government is obligated to indemnify the contractor only to the extent expressly provided for in the contract, except as provided in paragraph (a)(3) of this section.

§ 18–15.205–17 Interest and other financial costs.

Interest on borrowings (however represented), bond discounts, costs of financing and refinancing operations, legal and professional fees paid in connection with the preparation of prospectuses, costs of preparation and issuance of stock rights, and costs related thereto, are unallowable except for interest assessed by State or local taxing authorities under the conditions set forth in § 18–15.205–41 (see § 15.205–24).

§ 18–15.205–18 Labor relations costs.

Costs incurred in maintaining satisfactory relations between the contractor and his employees, including costs of shop stewards, labor management committees, employee publications, and other related activities, are allowable.

§ 18–15.205–19 Losses on other contracts.

An excess of costs over income under any other contract (including the contractor's contributed portion under cost-sharing contracts), whether such other contract is of a supply, research and development, or other nature, is unallowable.

§ 18–15.205–20 Maintenance and repair costs.

(a) Costs necessary for the upkeep of property (including Government property unless otherwise provided for), which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are to be treated as follows (see § 18–15.205–9):

(1) Normal maintenance and repair costs are allowable; and

(2) Extraordinary maintenance and repair costs are allowable, provided such are allocated to the periods to which applicable for purposes of determining contract costs (see § 18–15.107).

(b) Expenditures for plant and equipment, including rehabilitation thereof, which, according to generally accepted accounting principles as applied under the contractor's established policy, should be capitalized and subjected to depreciation, are allowable only on a depreciation basis.

§ 18–15.205–21 Manufacturing and production engineering costs.

Costs of manufacturing and production engineering, including engineering activities in connection with the following, are allowable:

(a) Current manufacturing processes such as motion and time study, methods analysis, job analysis, and tool design and improvement; and

(b) Current production problems, such as materials analysis for production suitability and component design for purposes of simplifying production.

§ 18–15.205–22 Material costs.

(a) Material costs include the costs of such items as raw materials, parts, subassemblies, components, and manufacturing supplies, whether purchased outside or manufactured by the contractor, and may include such collateral items as inbound transportation and in-transit insurance. In computing material costs, consideration will be given to reasonable overruns, spoilage, or defective work (unless otherwise provided for in any provision of the contract relating to inspection and correction of defective work). These costs are allowable subject, however, to the provisions of paragraphs (b) through (e) of this section.

(b) Costs of material shall be suitably adjusted for applicable portions of income and other credits, including available trade discounts, refunds, rebates, allowances, and cash discounts, and credits for scrap and salvage and material returned to vendors. Such income and other credits shall either be credited directly to the cost of the material involved or be allocated (as credits) to indirect costs. However, where the contractor can demonstrate that failure to take cash discounts was due to reasonable circumstances, such lost discounts need not be so credited.

(c) Reasonable adjustments arising from differences between periodic physical inventories and book inventories may be included in arriving at costs, provided such adjustments relate to the period of performance of the contract.

(d) When the materials are purchased specifically for and identifiable solely with performance under a contract, the actual purchase cost thereof should be charged to the contract. If material is issued from stores, any generally recognized method of pricing such material is acceptable if that method is consistently applied and the results are equitable. When estimates of material costs to be incurred in the future are required, either current market price or anticipated acquisition cost may be used, but the basis of pricing must be disclosed.

(e) Allowance for all materials, supplies and services which are sold or transferred between any division, subsidiary or affiliate of the contractor under a common control shall be on the basis of cost incurred in accordance with this Subpart 18–15.2, except that when it is the established practice of the transferring organization to price interorganization transfers of materials, supplies, and services at other than cost for commercial work of the contractor or any division, subsidiary or affiliate of the contractor under a common control, allowance may be at a price when:

(1) It is or is based on an "established catalog or market price of commercial items sold in substantial quantities to the general public" in accordance with § 18–3.807–1(b)(2); or

(2) It is the result of "adequate price competition" in accordance with § 18–3.807–1(b)(1) (i) and (ii) (*a*) and (*b*), and is the price at which an award was made to the affiliated organization after obtaining quotations on an equal basis from such organization and one or more outside sources which normally produce the item or its equivalent in significant quantity;

Provided, That in either case:

(i) The price is not in excess of the transferors' current sales price to his most favored customer (including any division, subsidiary or affiliate of the contractor under a common control) for a like quantity under comparable conditions, and

(ii) The price is not determined to be unreasonable by the contracting officer: *Provided, however*, That if the price is determined unreasonable, such determination must be supported by an enumeration of facts on which it is based and approved at a level above the contracting officer.

The price determined in accordance with subparagraph (1) above should be adjusted, when appropriate, to reflect the quantities being procured and may be adjusted upward or downward to reflect the actual costs of any modifications necessary because of contract requirements.

§ 18–15.205–23 Organization costs.

Expenditures in connection with (a) planning or executing the organization or reorganization in the corporate structure of a business, including mergers and acquisitions, or (b) raising capital, are unallowable. Such expenditures include but are not limited to incorporation fees and costs of attorneys, accountants, brokers, promoters and organizers, management consultants and investment counsellors, whether or not employees of the contractor.

§ 18–15.205–24 Other business expenses.

Included in this item are such recurring expenses as registry and transfer charges resulting from changes in ownership of securities issued by the contractor, cost of shareholders' meetings, normal proxy solicitations, preparation and publication of reports to shareholders, preparation and submission of required reports and forms to taxing and other regulatory bodies, and incidental costs of directors' and committee meetings. The above and similar costs are allowable when allocated on an equitable basis.

§ 18–15.205–25 Relocation costs.

(a) Relocation costs, for the purpose of this Subpart 18–15.2, are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee. These costs may include, but are not limited to:

(1) Cost of travel of the employee and members of his immediate family (see § 18–15.205–46) and transportation of his household and personal effects to the new location;

(2) Cost of finding a new home, such as advance trips by employees and spouses to locate living quarters, and temporary lodging during the transition period;

(3) Closing costs (i.e., brokerage fees, legal fees, appraisal fees, etc.) incident to the disposition of actual residence owned by the employee when notified of transfer;

(4) Other necessary and reasonable expenses normally incident to relocation, such as cost of canceling an unexpired lease, disconnecting and reinstalling household appliances, and purchase of insurance against damage to or loss of personal property;

(5) Loss on sale of home;

(6) Acquisition of a home in a new location and all costs incident thereto;

(7) Continuing costs of ownership of the vacant former actual residence being sold, such as maintenance of building and grounds (exclusive of fixing-up expenses), utilities, taxes, property insurance, etc., after settlement date or lease date of new permanent residence; and

(8) Continuing mortgage principal and interest payments on residence being sold.

(b) Subject to paragraph (c) of this section, relocation costs of the type covered in paragraph (a) (1), (2), (3), (4), and (7) of this section are allowable, provided

(1) The move is for the benefit of the employer;

(2) Reimbursement is in accordance with an established policy or practice consistently followed by the employer, and such policy or practice is designed to motivate employees to relocate promptly and economically;

(3) The costs are not otherwise unallowable under the provisions of § 18–15.205–33, or any other paragraph of Subpart 18–15.2 (see § 18–15.107 as related to large scale contractor relocation); and

(4) Amounts to be reimbursed shall not exceed the employee's actual (or reasonably estimated) expenses.

(c) Costs otherwise allowable under paragraph (b) of this section are subject to the following additional provisions:

(1) The transition period for incurrence of costs of the type covered in paragraph (a)(2) of this section shall be kept to the minimum number of days necessary under the circumstances, but shall not, in any event, exceed a cumulative total of 30 days including advance trip time;

(2) Allowance for the combined total of costs of the type covered in paragraph (a) (3) and (7) of this section shall not exceed 8 percent of the sales price of the property sold; and

(3) Costs of canceling an unexpired lease under paragraph (a)(4) of this section shall not exceed 3 times the monthly rental.

Costs of the type covered in paragraph (a) (3), (4), and (7) of this section are allowable only in connection with the relocation of existing employees, and are not allowable for newly recruited employees.

(d) Costs of the type covered in paragraph (a) (5), 6), and (8) of this section are not allowable.

(e) Payments for employee income taxes incident to reimbursed relocation costs are unallowable.

§ 18–15.205–26 Patent costs.

(a) Costs of (1) preparing disclosures, reports, and other documents required by the contract and of searching the art to the extent necessary to make such invention disclosures, (2) preparing documents and any other patent costs, in connection with the filing and prosecution of a U.S. patent application on an invention to which the Government acquires title or a royalty-free license pursuant to a government contract or section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457), and (3) general counseling services relating to patent matters, such as advice on patent laws, regulations, clauses, and employee agreements, are allowable (but see §18–15.205–31).

(b) Cost of preparing documents and any other patent costs, in connection with the filing and prosecution of any foreign patent application, or a U.S. patent application on an invention to which the Government does not acquire title or a royalty-free license, are unallowable. (Also see § 18–15.205–36.)

§ 18–15.205–27 Pension plans.

See § 18.205–6.

§ 18–15.205–28 Plant protection costs.

Costs of items such as (a) wages, uniforms, and equipment of personnel engaged in plant protection, (b) depreciation on plant protection capital assets, and (c) necessary expenses to comply with security requirements, are allowable.

§ 18–15.205–29 Plant reconversion costs.

Plant reconversion costs are those incurred in the restoration or rehabilitation of the contractor's facilities to approximately the same condition existing immediately prior to the commencement of the NASA contract work, fair wear and tear excepted. Reconversion costs are unallowable except for the cost of removing Government property and the restoration or rehabilitation costs caused by such removal. However, in special circumstances where equity so dictates, additional costs may be allowed to the extent agreed upon before the costs are incurred. Whenever such costs are given consideration, care should be exercised to avoid duplication through allowance as contingencies, as additional profit or fee, or in other contracts.

§ 18–15.205–30 Precontract costs.

Precontract costs are those incurred prior to the effective date of the contract directly pursuant to the negotiation and in anticipation of the award of the contract where such incurrence is necessary to comply with the proposed contract delivery schedule. Such costs are allowable to the extent that they would have been allowable if incurred after the date of the contract and to the extent authorized by the contracting officer (see §§ 18–7.205–52, 18–7.404–52, and 18–7.453–52).

§ 18–15.205–31 Professional and consultant service costs—Legal, accounting engineering, and other.

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor are allowable, subject to paragraphs (b), (c), and (d) of this section when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government (but see § 18–15.205–26).

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors among others may be relevant:

(1) The nature and scope of the service rendered in relation to the service required;

(2) The necessity of contracting for the service considering the contractor's capability in the particular area;

(3) The past pattern of such costs, particularly in the years prior to the award of Government contracts;

(4) The impact of Government contracts on the contractor's business (i.e., what new problems have arisen);

(5) Whether the proportion of Government work to the contractor's total business is such as to influence the contractor in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government contracts;

(6) Whether the service can be performed more economically by employment rather than by contracting;

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Government contracts;

(8) Adequacy of the contractual agreement for the service (e.g., description of the service; estimate of time required, rate of compensation; termination provisions).

(c) In addition to paragraph (b) of this section, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

(d) Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization, defense of antitrust suits, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting, and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the contract. (See § 18–15.205–23.)

§ 18–15.205–32 Gains and losses on disposition of depreciable property or other capital assets.

(a) Gains and losses from the sale, retirement or other disposition (but see § 18–15.205–16) of depreciable property, for purposes of computing contract costs, shall be included in the year in which they occur as credits or charges to the cost grouping(s) in which the depreciation or amortization applicable to such assets was included (but see paragraph (e) of this section).

(b) Two methods of computing gains and losses are provided in paragraphs (c) and (d) of this section. Contractors have the option to use either of the methods except that once the method in paragraph (d) is elected for use, that method shall be used thereafter.

(c) This section provides for a reasonably precise computation of gains and losses and in certain situations may yield more equitable results than paragraph (d) below:

(1) The gain on depreciable personal property shall be limited to the total depreciation or amortization charges included in the cost grouping(s) during

those years in which Government contracts participated in such charges.

(2) The gain on depreciable real property held for less than ten (10) years shall be included depending upon the length of time the property was held. The amount of the gain to be included is the applicable percentage of the lesser of (i) the total depreciation charges included in the cost grouping(s) during those years in which Government contracts participated in such charges which are in excess of straight line depreciation, or (ii) the excess of the amount realized over the cost of the property less the total depreciation charges included in the cost group(s) during those years in which Government contracts participated in such charges. The applicable percentage for property held 20 months or less shall be 100 percent; for property held more than 20 months the applicable percentage shall be 100 percent minus 1 percent for each full month the property was held over 20 months.

(3) The loss to be included shall be the difference between the amount realized for the asset and its undepreciated basis resulting from the depreciation method used for Government contract cost purposes.

(d) This section facilitates the computations of gains and losses by recognizing certain data used by the contractor and acceptable for Federal income tax purposes.

(1) The gains on depreciable personal and real property shall be limited to the amount representing ordinary income recognized for Federal income tax purposes. (See sections 1238, 1245, and 1250 of the 1954 Internal Revenue Code, as amended.)

(2) Subject to § 18–15.205–16, the losses on depreciable personal and real property shall consist of the gross capital losses recognized for Federal income tax purposes. (See sections 1231 of the 1954 Internal Revenue Code, as amended.)

(e) Gains and losses on the disposition of depreciable property shall not be recognized as a separate charge or credit where:

(1) Such gains and losses are processed through the depreciation reserve account and reflected in the deprication allowable under §18–15.205–9, or

(2) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into consideration in the depreciation cost basis of the new item.

(f) Gains and losses arising from mass or extraordinary sales, retirements, or other dispositions shall be considered on a case-by-case basis.

(g) Gains and losses of any nature arising from the sale or exchange of capital assets other than depreciable property, shall be excluded in computing contract costs.

§ 18–15.205–33 Recruitment costs.

(a) Subject to paragraphs (b), (c), and (d) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of help-wanted advertising, operating costs of an employment office necessary to secure and maintain an adequate labor force, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees are allowable to the extent that such costs are incurred pursuant to a well-managed recruitment program. Where the contractor uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

(b) Cost of help-wanted advertising is unallowable if the advertising:

(1) Is for other than for personnel required for the performance of obligations under a Government contract (see § 18–15.205–1);

(2) Does not describe specific positions or classes of positions;

(3) Is excessive in relation to the number and importance of the positions, or in relation to the practices of the industry;

(4) Includes material that is not relevant for recruitment purposes, such as extensive illustrations or descriptions of the company's products or capabilities;

(5) Is designed to "pirate" personnel from another Government contractor; and

(6) Includes color (in publications).

(c) Costs of excessive salaries, fringe benefits and special emoluments that have been offered to prospective employees, designed to "pirate" personnel from another Government contractor, or in excess of the standard practices in the industry, are unallowable.

(d) Relocation costs incurred incident to recruitment of new employees are subject to § 18–15.205–25. Where such costs have been allowed either as an allocable direct or indirect cost and the newly hired employee resigns for reasons within his control within 12 months after hire, the contractor shall be required to refund or credit such relocation costs to the Government.

§ 18–15.205–34 Rental costs (including sale and leaseback of facilities).

(a) This § 18–15.205–34 is applicable to the cost of renting or leasing all property, real and personal, except automatic data processing equipment (ADPE). (See § 18–15.205–48.)

(b) As used in this section, the words and phrases defined in this paragraph (b) shall have the meanings set forth below.

(1) "Short-term leasing" means leasing where the cumulative term of the use or occupancy (initial term plus additional terms whether or not pursuant to a renewal option) is 2 years or less for personal property and 5 years or less for real property.

(2) "Long-term leasing" means leasing where the cumulative term of the use or occupancy (initial term plus additional terms whether or not pursuant to a renewal option) is more than 2 years for personal property and more than 5 years for real property. Leasing with initial terms of more than 2 years for personal property and more than 5 years for real property is long-term leasing as of the effective date. Leasing with initial terms of 2 years or less for personal property and 5 years or less for real property becomes long-term leasing as of the effective date of the document which extends the cumulative term to more than 2 or 5 years and will be treated as short-term leasing prior to such date and long-term leasing on such date.

(3) "Anticipated useful life" of property may represent the application life (utility in a given function), technological life (utility before becoming obsolete in whole or in part, or physical life (utility before physically wearing out), depending upon the facts and circumstances and the particular property involved. In estimating anticipated useful life under long-term leasing, the starting date shall be the date that the lease qualifies as long-term leasing. The contractor may use application life if he can clearly demonstrate that the property has utility only in a given function and the duration of the function can be determined. Technological life may be used by the contractor if he can demonstrate that existing property must be replaced because of:

(i) Specific program objectives or contract requirements which cannot be accomplished with the existing facilities;

(ii) Cost reductions which will produce identifiable savings in production or overhead costs;

(iii) Increase in workload volume which cannot be accomplished efficiently by modifying or augmenting existing facilities; or

(iv) Consistent pattern of capacity operation (two and one-half to three shifts) on existing property.

However, technological advances (affecting technological life) per se will not justify replacement of existing property before the end of its physical life if such existing property will be able to satisfy future requirements or demands.

(c) Rental costs under short-term leasing are allowable to the extent that:

(1) The rates are reasonable at the time of the decision to lease in light of such factors as rental costs of comparable facilities, if any, and market conditions in the area, the type, life expectancy, condition, and value of facilities leased, alternatives available, and other provisions of the agreement; and

(2) They do not give rise to a material equity in the facilities (such as an option to renew or purchase at a bargain rental or price) other than that normally given to industry at large, but represent charges only for the current use of the equipment including, but not limited to, any incidental service costs such as maintenance, insurance, and applicable taxes.

(d) (1) Rental costs under long-term leasing are allowable only up to the amount the contractor would be allowed had he purchased the property unless he can demonstrate on the basis of facts existent at the time of the decision to

lease on a long-term basis, documented in accordance with paragraph (e) of this section, that long-term leasing will result in less cost to the Government over the anticipated useful life of the property. If the contractor can demonstrate that long-term leasing will result in less cost to the Government, the rental costs for the term of the lease shall be subject to the same criteria set forth in paragraph (c) of this section for short-term leasing. However, if he subsequently renews the lease he must again demonstrate that leasing will result in less cost to the Government if he wishes to continue having rental costs evaluated by the criteria in paragraph (c).

(2) In estimating the least cost to the Government for the anticipated useful life, the cumulative costs that would be allowed if the contractor owned the property should be compared with cumulative costs that would be allowed under the leasing arrangement. For the purposes of this comparison, the costs of property include, but are not limited to, the costs of operation, maintenance, insurance, taxes, depreciation, leasehold improvements, and rental as applicable; and exclude interest, in the case of ownership costs, and other unallowable costs pursuant to Part 18–15 in either case.

(3) In those situations where leasing was formerly classified as short-term leasing, the purchase cost for purposes of cost comparison in subparagraph (2) of this paragraph will be the price at which the property could be acquired on the date that the agreement meets the qualifications for long-term leasing. If purchase is determined to be the method of acquisition which would result in least cost to the Government, such determination shall not be applied to the years when the leasing was classified as short-term leasing.

(e) Contractor's justifications, under paragraph (d) of this section, of his long-term leasing decisions shall consist of, but are not limited to, the following supporting data, prepared prior to leasing:

(1) Analysis of utilization of existing property;

(2) Application of comparative cost criteria in paragraph (d) of this section;

(3) Specific objectives or requirements;

(4) Solicitation of proposals from available sources; and

(5) Proposals received in response to the solicitation, and reasons for selection of the property chosen and for the decision to lease.

(f) Rental costs under a sale and leaseback arrangement shall be allowable only up to that amount the contractor would be allowed had he retained title to the property, except rental cost may be allowed:

(1) In accordance with paragraphs (b), (c), and (d) of this section where the sale and leaseback immediately followed purchase of the property; or

(2) The sale and leaseback is otherwise in the best interests of the Government and specifically authorized in the contract.

(g) Charges in the nature of rent between any divisions, subsidiaries, or organization under common control are allowable to the extent such charges do not exceed the normal costs of ownership, such as depreciation, taxes, insurance, and maintenance (excluding interest or other unallowable costs pursuant to Part 18–15); provided that no part of such costs shall duplicate any other allowed costs. However, rental cost of personal property, which is leased from any division, subsidiary, or affiliate of the contractor under common control, which has an established practice of leasing the same or similar property to unaffiliated lessees shall be allowed in accordance with paragraphs (b), (c), and (d) of this section. In addition, where the lessor is also the manufacturer of the personal property, the purchase price for the purposes of paragraph (d)(1) of this section and the cost of ownership for the purposes of paragraph (d)(2) of this section shall be determined in accordance with § 18–15.205–22(e).

(h) Rental costs under long-term leasing entered into prior to the effective date of this § 18–15.205–34 are allowable for the remaining term of the lease (excluding unexercised options) to the extent they would have been allowable under § 18–15.205–34 as of January 1, 1969.

(i) The allowability of rental costs under unexpired leases in connection with terminations is treated in § 18–15.205–42(e).

(j) Allowable rental costs shall not be adjusted by the amount of any investment credit accruing to the contractor by reason of an election made by a lessor of new "section 38" property to treat the contractor as the purchaser of such property pursuant to section 48(d) of the Revenue Act of 1962, as amended.

§ 18–15.205–35 Research and development costs.

(a) Basic research, for the purpose of this Subpart 18–15.2, is that type of research which is directed toward increase of knowledge in science. In such research, the primary aim of the investigator is a fuller knowledge or understanding of the subject under study, rather than any practical application thereof. Applied research, for the purpose of this Subpart 18–15.2, consists of that type of effort which (1) normally follows basic research, but may not be severable from the related basic research; (2) attempts to determine and expand the potentialities of new scientific discoveries or improvements in technology, materials, processes, methods, devices, and techniques; and (3) attempts to "advance the state of the art." Applied research does not include any such efforts when their principal aim is the design, development, or test of specific articles or services to be offered for sale, which are within the definition of the term development as hereinafter provided.

(b) Development is the systematic use of scientific knowledge which is directed toward the production of, or improvements in, useful products to meet specific performance requirements, but exclusive of manufacturing and production engineering.

(c) A contractor's independent research and development is that research and development which is not sponsored by a contract, grant, or other arrangement.

(d) A contractor's cost of independent research as defined in paragraphs (a) and (c) of this section shall be allowable as indirect costs (subject to the following provisions of this § 18–15.205–35) provided they are allocated to all work of the contractor.

(e) Costs of a contractor's independent development, as defined in paragraphs (b) and (c) of this section (and subject to the following provisions of this § 18–15.205–35), are allowable to the extent that such development is related to the product lines for which the Government has contracts, provided the costs are reasonable in amount and are allocated as indirect costs to all work of the contractor on such product lines. In cases where a contractor's normal course of business does not involve production work, the cost of independent development is allowable to the extent that such development is related and allocated as an indirect cost to the field of effort of Government research and development contracts.

(f) Independent research and development costs shall include an amount for the absorption of their appropriate share of indirect and administrative costs, unless the contractor, in accordance with his accounting practices consistently applied, treats such costs otherwise.

(g) Research and development costs (including amounts capitalized), regardless of their nature, which were incurred in accounting periods prior to the award of a particular contract, are unallowable except where allowable as precontract costs (see § 18–15.205–30).

(h) The reasonableness of expenditures for independent research and development when otherwise allowable in accordance with the provisions of this § 18–15.205–35 should be determined in light of all pertinent considerations, such as previous contractor research and development activity, cost of past programs, and changes in science and technology. Such expenditures should be pursuant to a broad planned program, which is reasonable in scope and well managed. Such expenditures (especially for development) should be scrutinized with great care in connection with contractors whose work is predominantly or substantially with the Government. Advance agreements as described in § 18–15.107 are particularly important in this situation. In recognition that cost sharing of the contractor's independent research and development program may provide motivation for more efficient accomplishment of such program, it is desirable in some cases that the Government bear less than an allocable share

of the total cost of the program. Under these circumstances, the following are among the approaches which may be used as the basis for agreement:

(1) Review of the contractor's proposed independent research and development program and agreement to accept the allocable costs of specific projects;

(2) Agreement on a maximum dollar limitation of costs, an allocable portion of which will be accepted by the Government; and

(3) An agreement to accept the allocable share of a percentage of the contractor's planned research and development program.

§ 18–15.205–36 Royalties and other costs for use of patents.

(a) Royalties on a patent or amortization of the costs of acquiring by purchase a patent or rights thereto, necessary for the proper performance of the contract and applicable to contract products or processes, are allowable unless:

(1) The Government has a license or the right to free use of the patent;

(2) The patent has been adjudicated to be valid, or has been administratively determined to be invalid;

(3) The patent is considered to be unenforceable; or

(4) The patent has expired.

(b) Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less than arm's length bargaining; e.g.:

(1) Royalties paid to persons, including corporations, affiliated with the contractor;

(2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Government contract would be awarded; or

(3) Royalties paid under an agreement entered into after the award of the contract.

(c) In any case involving a patent formerly owned by the contractor, the amount of royalty allowed should not exceed the cost which would have been allowed had the contractor retained title thereto.

(d) See § 18–15.107 regarding advance understandings.

§ 18–15.205–37 Selling costs.

(a) Selling costs arise in the marketing of the contractor's products and include costs of sales promotions, negotiation, liaison between Government representatives and contractor's personnel, and other related activities.

(b) Selling costs are allowable to the extent they are reasonable and are allocable to Government business (but see §§ 18–15.107 and 18–15.205–1). Allocability of selling costs will be determined in the light of reasonable benefit to the Government arising from such activities as technical, consulting, demonstration, and other services which are for purposes such as application or adaptation of the contractor's products to Government use.

(c) Notwithstanding paragraph (b) of this section, salesmen's or agents' compensation, fees, commissions, percentages, or brokerage fees, which are contingent upon the award of contracts, are allowable only when paid to bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

§ 18–15.205–38 Service and warranty costs.

Such costs include those arising from fulfillment of any contractual obligation of a contractor to provide services, such as installation, training, correcting defects in the products, replacing defective parts, making refunds in the case of inadequate performance, etc. When not inconsistent with the terms of the contract, such service and warranty costs are allowable. However, care should be exercised to avoid duplication of the allowance as an element of both estimated product cost and risk.

§ 18–15.205–39 Severance pay.

(a) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages by contractors to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (1) law, (2) employer-employee agreement, (3) established policy that constitutes, in effect, an implied agreement on the contractor's part, or (4) circumstance of the particular employment.

(b) Cost of severance payments is divided into two categories, as follows:

(1) Actual normal turnover severance payments shall be allocated to all work performed in the contractor's plant; or, where the contractor provides for accrual of pay for normal severances, such method will be acceptable if the amount of the accrual is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts accrued are allocated to all work performed in the contractor's plant; and

(2) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

§ 18–15.205–40 Special tooling and special test equipment costs.

(a) The term "special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(1) Consumable property;

(2) Special test equipment; or

(3) Buildings, nonseverable structures (except foundations and similar improvements involving relatively minor expense which are necessary for the installation of special tooling), general or special machine tools, or similar capital items.

(b) The term "special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical or other items or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment, but does not include:

(1) Consumable property;

(2) Special tooling; or

(3) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

(c) The cost of special tooling and special test equipment used in the performance of one or more Government contracts is allowable and shall be allocated to the specific Government contract or contracts for which acquired, except that the cost of—

(1) Items acquired by the contractor prior to the effective date of the contract, or replacements of such items, whether or not altered or adapted for use in the performance of the contract, or

(2) Items the acquisition of which by the Government is specifically excluded by the schedule

shall be allowable only as depreciation or amortization.

(d) Where items are disqualified as special tooling because with less than substantial modification or alteration they can be made general purpose, and where items are disqualified as special test equipment because with relatively minor expense they can be made suitable for general purpose use and have a value as such commensurate with their value as special test equipment, the cost of adapting the items for use under the contract and the cost of returning them to their prior configuration will be allowable.

§ 18–15.205–41 Taxes.

(a) Taxes are charges levied by Federal, State, or local governments. They do not include fines and penalties except as otherwise provided herein. In general, taxes (including State and local income taxes), except as provided in (paragraph (b) of this section) which the contractor is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable, except for:

(1) Federal income and excess profits taxes;

(2) Taxes in connection with financing, refinancing, or refunding operations (see § 18–15.205–17);

(3) Taxes from which exemptions are available to the contractor directly or available to the contractor based on an exemption afforded the Government except when the contracting officer determines that the administrative burden incident to obtaining the exemption outweighs the corresponding benefits accruing to the Government;

(4) Special assessments on land which represent capital improvements; and

(5) Taxes on any category of property which is used solely in connection with work other than on Government contracts. (Taxes on property used solely in connection with either non-Government or Government work should be considered directly applicable to the respective category of work unless the amounts involved are insignificant or comparable results would otherwise be obtained; e.g., taxes on contractor-owned work in process which is used solely in connection with non-Government work should be allocated to such work, and taxes on contractor-owned work-in-process inventory, and Government-owned work-in-process inventory when taxed, used solely in connection with Government work, should be charged to such work.)

(b) Income tax accruals designed to account for the tax effects of differences between taxable income and pretax income as reflected by the books of account and financial statements are unallowable.

(c) Taxes otherwise allowable under paragraph (a) of this section, but upon which a claim of illegality or erroneous assessment exists, are allowable; provided that the contractor prior to payment of such taxes:

(1) Promptly requests instructions from the contracting officer concerning such taxes; and

(2) Takes all action directed by the contracting officer arising out of paragraph (c)(1) of this section or an independent decision of the Government as to the existence of a claim of illegality or erroneous assessment, including cooperation with and for the benefit of the Government to (*a*) determine the legality of such assessment or (*b*) secure a refund of such taxes.

Reasonable costs of any such action undertaken by the contractor at the direction or with the concurrence of the contracting officer are allowable. Interest and penalties incurred by a contractor by reason of the nonpayment of any tax at the direction of the contracting officer or by reason of the failure of the contracting officer to issue timely direction after prompt request therefor, are also allowable.

(d) Any refund of taxes, interest, or penalties, and any payment to the contractor of interest thereon, attributable to taxes, interest, or penalties which were allowed as contract costs, shall be credited or paid to the Government in the manner directed by the Government, provided any interest actually paid or credited to a contractor incident to a refund of tax, interest, or penalty shall be paid or credited to the Government only to the extent that such interest accrued over the period during which the contractor had been reimbursed by the Government for the taxes, interest, or penalties.

§ 18–15.205–42 Termination costs.

Contract terminations generally give rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the contract not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the remainder of this subpart in termination situations.

(a) Common items: The cost of items reasonably usable on the contractor's other work shall not be allowable unless the contractor submits evidence that he could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the contractor, the contracting officer should consider the contractor's plans and orders for current and scheduled production. Contemporaneous purchases of common items by the contractor shall be regarded as evidence that such items are reasonably usable on the contractor's other work. Any acceptance of common items as allocable to the terminated portion of the contract should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(b) Costs continuing after termination: If, in a particular case, despite all reasonable efforts by the contractor, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Subpart, except that any such costs continuing after termination due to the negligent or willful failure of the contractor to discontinue such costs shall be considered unallowable.

(c) Initial costs, including starting load and preparatory costs, are allowable, subject to the conditions in subparagraphs (1) through (6) of this paragraph.

(1) Starting load costs are costs of a nonrecurring nature arising in the early stages of production and not fully absorbed because of the termination. Such costs may include the cost of labor and material, and related overhead attributable to such factors as:

(i) Excessive spoilage resulting from inexperienced labor;

(ii) Idle time and subnormal production occasioned by testing and changing methods of processing;

(iii) Employee training; and

(iv) Unfamiliarity or lack of experience with the product, materials, manufacturing processes, and techniques.

(2) Preparatory costs are costs incurred in preparing to perform the terminated contract, including costs of initial plant rearrangement and alterations, management and personnel organization, production planning, and similar activities, but excluding special machinery and equipment and starting load costs.

(3) If initial costs are claimed and have not been segregated on the contractor's books, segregation for settlement purposes shall be made from cost reports and schedules which reflect the high unit cost incurred during the early stages of the contract.

(4) When the settlement proposal is on the inventory basis, initial costs should normally be allocated on the basis of total end items called for by the contract immediately prior to termination; however, if the contract includes end items of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(5) When initial costs are included in the settlement proposals as a direct charge, such costs shall not also be included in overhead.

(6) Initial costs attributable to only one contract shall not be allocated to other contracts.

(d) Loss of useful value of special tooling, special machinery, and equipment is generally allowable, provided:

(1) Such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the contractor;

(2) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and

(3) The loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears to the entire terminated contract and other Government contracts for which the special tooling, special machinery, and equipment was acquired.

(e) Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such leases, if:

(1) The amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable; and

(2) The contractor makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease.

There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(f) Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for—

(i) The preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract; and

(ii) The termination and settlement of subcontracts; and

(2) Reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract.

(3) Indirect costs related to salary and wages incurred as settlement expenses in subparagraphs (1) and (2) of this paragraph; normally, such direct costs shall be limited to payroll taxes, fringe benefits, occupancy cost, and immediate supervision.

(g) Subcontractor claims, including the allocable portion of claims which are common to the contract and to other work of the contractor, are generally allowable. An appropriate share of the contractor's indirect expense may be allocated to the amount of settlements with subcontractors: *Provided*, That the amount allocated is reasonably proportionate to the relative benefits received and is otherwise consistent with §§ 18–15.201–4 and 18–15.203(c). The indirect expense so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

§ 18–15.205–43 Trade, business, technical, and professional activity costs.

(a) *Memberships.* This category includes costs of memberships in trade, business, technical, and professional organizations. Such costs are allowable.

(b) *Subscriptions.* This item includes costs of subscriptions to trade, business, professional, or technical periodicals. Such costs are allowable.

(c) *Meetings and conferences.* This item includes cost of meals, transportation, rental of facilities for meetings, and costs incidental thereto, when the primary purpose of the incurrence of such costs is the dissemination of technical information or stimulation of production. Such costs are allowable.

§ 18–15.205–44 Training and educational costs.

(a) Costs of preparation and maintenance of a program of instruction at noncollege level, including but not limited to on-the-job, classroom and apprenticeship training, designed to increase the vocational effectiveness of bona fide employees, including training materials, textbooks, salaries or wages of trainees (excluding overtime compensation which might arise therefrom), and (1) salaries of the director of training and staff when the training program is conducted by the contractor, or (2) tuition and fees when the training is in an institution not operated by the contractor, are allowable.

(b) Costs of part-time education, at an undergraduate or postgraduate college level, related to the job requirements of bona fide employees, including only:

(1) Training materials;

(2) Textbooks;

(3) Fees charged by the educational institution;

(4) Tuition charged by the educational institution, or in lieu of tuition, instructors' salaries and the related share of indirect cost of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have been paid to the participating educational institution; and

(5) Straight-time compensation for time spent attending classes during working hours not in excess of 156 hours per year where circumstances do not permit the operation of classes or attendance at classes after regular working hours,

are allowable.

(c) Costs of tuition, fees, training materials, and textbooks (but not subsistence, salary, or any other emoluments) in connection with full-time scientific and engineering education at a postgraduate (but not undergraduate) college level related to the job requirements of bona fide employees for a total period not to exceed one school year for each employee so trained, are allowable. In unusual cases where required by space technology, the period may be extended.

(d) Maintenance expense and normal depreciation or fair rental on facilities owned or leased by the contractor for training purposes are allowable to the extent set forth in §§ 18–15.205–9, 18–15.205–20, and 18–15.205–34, respectively.

(e) Grants to education or training institutions, including the donation of facilities or other properties, scholarships, or fellowships, are considered contributions and are unallowable.

§ 18–15.205–45 Transportation costs.

Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly costed as transportation costs or added to the cost of such items (see § 18–15.205–22). Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the contractor follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the contract, shall be treated as a direct cost.

§ 18–15.205–46 Travel costs.

(a) Travel costs include costs of transportation, lodging subsistence, and incidental expenses, incurred by contractor personnel in a travel status while on official company business.

(b) Travel costs may be based upon actual costs incurred, or on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used does not result in an unreasonable charge.

(c) Travel costs incurred in the normal course of overall administration of the business are allowable and shall be treated as indirect costs.

(d) Travel costs directly attributable to specific contract performance are allowable and may be charged to the contract in accordance with the principle of direct costing (see § 18–15.202).

(e) Necessary, reasonable costs of family movements and personnel movements of a special or mass nature are allowable, subject to allocation on the basis of work or time period benefited when appropriate (see § 18–15.107).

(f) Air travel. The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class accommodations are not reasonably available to meet necessary requirements, such as, where less than first-class accommodations would:

(1) Require circuitous routing,

(2) Require travel during unreasonable hours,

(3) Greatly increase the duration of the flight,

(4) Result in additional costs which would offset the transportation savings,

(5) Offer accommodations which are not reasonably adequate for the physical or medical needs of the traveler.

(g) Travel via contractor-owned, -leased, and -chartered aircraft. (1) Cost of contractor-owned, -leased, and -chartered aircraft, as the phrase is used herein, includes the cost of lease, charter, operation (including personnel), maintenance, depreciation, insurance, and other related costs. This cost is allowable, if reasonable, to the extent the contractor can demonstrate that the use of such aircraft is necessary for the conduct of his business and that the increase in cost, if any, in comparison with alternative means of transportation, is commensurate with the advantages gained.

(2) Some of the factors to consider in determining the necessity for such aircraft are whether:

(i) Scheduled commercial airlines or other suitable less costly travel facilities are available at reasonable times with reasonable frequency and serving the required destinations conveniently;

(ii) It is likely that critical or emergency situations might arise which could not be accommodated as effectively by scheduled commercial airline or other suitable less costly travel facilities;

(iii) The increased flexibility in scheduling would result in time savings and more effective utilization of key personnel;

(iv) National or industrial security demands privacy for key personnel who must work en route; and

(v) There exists a contract requirement for flight testing of equipment.

(3) When the need for contractor-owned, -leased or -chartered aircraft has been demonstrated, additional factors such as the following shall be considered in determining the reasonableness of costs:

(i) Number, type and size of aircraft needed (involved in this determination are matters such as the number and physical aspects of locations to which flights are required, distances to these

locations, number of passengers to be carried and frequency of flights);

(ii) The appropriateness of the method of acquisition, i.e., purchase, lease, or charter; and

(iii) Whether, when the contractor has more than one type or size of aircraft, that available aircraft best suited to the requirements of each individual trip was used.

(4) Where the need for contractor-owned, -leased or -chartered aircraft has been demonstrated, optimum use of such aircraft, rather than scheduled commercial service, should be made where a cost advantage will result to the Government.

§ 18–15.205–47 Economic planning costs.

(a) This category includes costs of generalized long-range management planning which is concerned with the future overall development of the contractor's business and which may take into account the eventual possibility of economic dislocations or fundamental alterations in those markets in which the contractor currently does business. Economic planning costs do not include organization or reorganization costs covered by § 18–15.205–23.

(b) Economic planning costs are allowable as indirect costs to be properly allocated. Research and development and engineering costs designed to lead to new products for sale to the general public are not allowable under this provision.

§ 18–15.205–48 Automatic data processing equipment (ADPE) leasing costs.

(a) This § 18–15.205–48 is applicable to all leased ADPE, as defined in § 18–1.235, except as components of an end item to be delivered to the Government. (Allowability of costs related to contractor-owned ADPE are governed by other provisions of this Subpart 18–15.2.)

(b)(1) If the contractor leased ADPE but cannot demonstrate, on the basis of the facts existent at the time of the decision to lease or to continue leasing and documented in accordance with paragraph (d) of this section, that leasing will result in less cost to the Government over the anticipated useful life (as those terms are explained in paragraph (c) of this section), then rental costs are allowable only up to the amount that the contractor would be allowed had he purchased the ADPE.

(2) Furthermore, the costs of leasing ADPE are allowable only to the extent that the contractor can annually demonstrate in accordance with paragraph (d) of this section that:

(i) They are reasonable and necessary for the conduct of his business in light of such factors as the contractor's requirements for ADPE, costs of comparable facilities, the various types of leases available and the provisions of the rental agreement;

(ii) They do not give rise to a material equity in the facilities (such as an option to renew or purchase at a bargain rental or price) other than that normally given to industry at large but represent charges only for the current use of the equipment including but not limited to any incidental service costs such as maintenance, insurance, and applicable taxes; and

(iii) If the total cost of leasing the ADPE is to be reimbursed under one or more cost-reimbursement type contracts, or if the total cost of leasing ADPE in a single plant, division or cost center exceeds $500,000 per year and 50 percent or more of the total leasing cost is to be allocated to cost-reimbursement type contracts, the approval of the contracting officer was obtained for the leasing arrangement (see § 18–15.107 and Subpart 18–3.11).

(3) Rental costs under a sale and leaseback arrangement shall be allowable only up to the amount the contractor would be allowed had he retained title to the ADPE, except that rental costs may be allowed in accordance with paragraph (b) (1) and (2) of this section (i) where the sale and leaseback immediately followed purchase of the ADPE, or (ii) where the sale and leaseback is otherwise in the best interest of the Government.

(4) Rental costs of ADPE which is leased from any division, subsidiary, or organization under a common control shall be limited to the cost of ownership (excluding interest or other unallowable costs pursuant to Subpart 18–15.2 except as provided in paragraph (b)(5) of this section.

(5) Rental costs of ADPE which is leased from any division, subsidiary or organization under a common control which has an established practice of leasing the same or similar equipment to unaffiliated lessees shall be allowed in accordance with paragraph (b) (1) and (2) of this section, except the purchase price for the purposes of paragraph (b)(1) of this section, and costs of ownership for the purpose of paragraph (c)(2) of this section below shall be determined in accordance with § 18–15.205–22(e).

(c) (1) An estimate of the anticipated useful life of the property may represent the application life (utility in a given function), technological life (utility before becoming obsolete in whole or in part), or physical life (utility before physically wearing out), depending upon the facts and circumstances and the particular facilities involved. Therefore, each case must be evaluated individually. In estimating anticipated useful life, the contractor may use the application life if he can clearly demonstrate that the facility has utility only in a given function and the duration of the function can be determined. Technological life may be used by the contractor if he can demonstrate that existing facilities must be replaced because of:

(i) Specific program objectives or contract requirements which cannot be accomplished with the existing facilities;

(ii) Cost reductions which will produce identifiable savings in production or overhead costs;

(iii) Increase in workload volume which cannot be accomplished efficiently by modifying or augmenting existing facilities; or

(iv) Consistent pattern of capacity operation (two and one-half to three shifts) on existing facilities.

Technological advances per se will not justify replacement of existing facilities before the end of their physical life if such existing facilities will be able to satisfy future requirements or demands.

(2) In estimating the least cost to the Government for such useful life, the cumulative costs that would be allowed if the contractor owned the property should be compared with cumulative costs that would be allowed under any of the various types of leasing arrangements available. For the purposes of this comparison, the costs of ADPE exclude interest or other unallowable costs, pursuant to Subpart 18–15.2; they include but are not limited to the costs of operation, maintenance, insurance, depreciation, and rental, and the cost of machine services, as applicable.

(d) The contractor's justification, under paragraph (b) of this section, of his leasing decisions shall consist of but is not limited to the following supporting data, prepared prior to acquisition:

(1) Analysis of utilization of existing ADPE;

(2) Application of the criteria in (b) above;

(3) Specific objectives or requirements, generally in the form of a data system study and data system specification;

(4) Solicitation of proposals from qualified sources based on the data system specification;

(5) Proposals received in response to the solicitation, and reasons for selection of the equipment chosen and for the decision to lease.

The contractor's annual justification, under paragraph (b) of this section, of his decision to retain or change his existing ADPE capability and the need to continue leasing that capability shall consist of but is not limited to current data as specified in subparagraphs (1) through (3) of this section.

Subpart 18–15.3—Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts With Educational Institutions

§ 18–15.301 Purpose and scope.

§ 18–15.301–1 Objectives.

This Subpart 18–15.3 provides principles for determining the costs applicable to research and development work performed by educational institutions under grants from and contracts with the Federal Government. These principles are confined to the subject of cost determination and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular research or development project. The principles are designed to provide recognition of the full allocated costs of such research work under generally accepted accounting principles. No provision for

profit or other increment above cost is intended.

§ 18–15.301–2 Policy guides.

The successful application of these principles requires development of mutual understanding between representatives of universities and of the National Aeronautics and Space Administration as to their scope, applicability, and interpretation. It is recognized that—

(a) The arrangements for NASA and institutional participation in the financing of a research and development project are properly subject to negotiation between NASA and the institution concerned in accordance with such criteria as may be applicable.

(b) Each college and university, possessing its own unique combination of staff, facilities, and experience, should be encouraged to conduct research in a manner consonant with its own academic philosophies and institutional objectives.

(c) Each institution, in the fulfillment of its contractual obligations, should be expected to employ sound management practices.

(d) The application of the principles established herein should require no significant changes in the generally accepted accounting practices of colleges and universities.

§ 18–15.301–3 Application.

All NASA activities that sponsor research and development work at educational institutions should apply these principles and related policy guides in determining the costs incurred for such work under grants and cost-reimbursement type contracts and subcontracts. These principles should be used also as a guide in the pricing of fixed price contracts and subcontracts.

§ 18–15.302 Definition of terms.

§ 18–15.302–1 Organized research.

"Organized research" means all research activities of an institution that are separately budgeted and accounted for.

§ 18–15.302–2 Departmental research.

"Departmental research" means all research activities that are not separately budgeted and accounted for. Such research work, which includes all research activities not encompassed under the term organized research, is regarded for purposes of this document as a part of the instructional activities of the institution.

§ 18–15.302–3 Research agreement.

"Research agreement" means any valid arrangement to perform federally-sponsored research, including grants, cost-reimbursement type contracts, cost-reimbursement type subcontracts, and fixed-price contracts and subcontracts for research.

§ 18–15.302–4 Other institutional activities.

"Other institutional activities" means all organized activities of an institution not directly related to the instruction and research functions, such as residence halls, dining halls, student hospitals, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, and other similar activities or auxiliary enterprises. Also included under this definition is any category of cost treated as "unallowable", provided such category of cost identifies a function or activity to which a portion of the institution's indirect costs (as defined in § 18–15.305–1) are properly allocable.

§ 18–15.302–5 Apportionment.

"Apportionment" means the process by which the indirect costs of the institution are assigned as between (a) instruction and research, and (b) other institutional activities.

§ 18–15.302–6 Allocation.

"Allocation" means the process by which the indirect costs apportioned to instruction and research are assigned as between (a) organized research, and (b) instruction, including departmental research.

§ 18–15.302–7 Stipulated salary support.

Stipulated salary support means a stated dollar amount of a faculty member's salary which a Government agency agrees to reimburse to an educational institution as part of sponsored research costs. Stipulated salary support amounts will be provided in the research agreement for professional staff any part of whose compensation is chargeable to Government-sponsored research and may be provided for any other professionals who are engaged part time in sponsored research and part time in other work. The stipulated salary support for an individual will be determined by the Government and the educational institution during the proposal and award process on the basis of a considered judgment as to the monetary value of the contribution which the individual is expected to make to the research project, taking into account any cost sharing by the institution, and basing the judgment on such factors as value of the investigator's expertise to the project, the extent of his planned participation in the project, and his ability to perform as planned in the light of his other commitments. It will be necessary for those who review research proposals to obtain information on the total academic year salary of the faculty members involved; the other research projects or proposals for which salary is allocated; and any other duties they may have such as teaching assignments, administrative assignments, number of graduate students for which they are responsible, or other institutional activities. Stipulated amounts for an individual must not result in increasing his official salary from the institution. In those cases in which it is not feasible to establish a stipulated salary support amount during the proposal and award process because detailed plans or knowledge of specific positions or individuals are not available, the agency and the institution may agree to use the payroll distribution procedure set forth in § 18–15.309–7(b) as a basis for reimbursement of salary for any individuals for whom a support amount has not been established.

§ 18–15.303 Basic considerations.

§ 18–15.303–1 Composition of total costs.

The cost of a research agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable indirect costs of the institution, less applicable credits.

§ 18–15.303–2 Factors affecting allowability of costs.

The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to research agreements under the standards and methods provided herein; (c) they must be accorded consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the research agreement as to types or amounts of cost items.

§ 18–15.303–3 Reasonable costs.

A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefor, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the research agreement; (b) the restraints or requirements imposed by such factors as arm's length bargaining, Federal and State laws and regulations, and research agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Government, and the public at large; and (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including government research.

§ 18–15.303–4 Allocable costs.

(a) A cost is allocable to a particular cost objective (i.e., a specific function, project, research agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a research agreement if it is incurred solely to advance the work under the research agreement;

or it benefits both the research agreement and other work of the institution in proportions that can be approximated through use of reasonable methods; or it is necessary to the overall operation of the institution and, in the light of the standards provided in this subpart, is deemed to be assignable in part to organized research. Where the purchase of equipment or other capital items are specifically authorized under a research agreement, the amounts thus authorized for such purchases are allocable to the research agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

(b) Any costs allocable to a particular research agreement under the standards provided in this subpart may not be shifted to other research agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the research agreement, or for other reasons of convenience.

§ 18–15.303–5 Applicable credits.

(a) The term "applicable credits" refers to those receipt or negative expenditure types of transactions which operate to offset or reduce expense items that are allocable to research agreements as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; sales of scrap or incidental services; and adjustments of overpayments or erroneous charges.

(b) In some instances, the amounts received from the Federal Government to finance institutional activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the institution in determining the rates or amounts to be charged to government research for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds. (See §§ 18–15.306–6, 18–15.309–10(b), and 18–15.309–37 for areas of potential application in the matter of direct Federal financing.)

§ 18–15.304 Direct costs.

§ 18–15.304–1 General.

Direct costs are those that can be identified specifically with a particular cost objective. For this purpose, the term cost objective refers not only to the ultimate objectives against which costs are finally lodged such as research agreements, but also to other established cost objectives such as the individual accounts for recording particular objects or items of expense, and the separate account groupings designed to record the expenses incurred by individual organizational units, functions, projects and the like. In general, the administrative functions and service activities described in § 18–15.306 are identifiable as separate cost objectives, and the expenses associated with such objectives become eligible in due course for distribution as indirect costs of research agreements and other ultimate cost objectives.

§ 18–15.304–2 Application to research agreements.

Identifiable benefit to the research work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of research agreements. Typical transactions chargeable to a research agreement as direct costs are the compensation of employees for the time or effort devoted to the performance of work under the research agreement, including related staff benefit and pension plan costs to the extent that such items are consistently treated by the educational institution as direct rather than indirect costs; the costs of materials consumed or expended in the performance of such work; and other items of expense incured for the research agreement, including extraordinary utility consumption. The cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations may be included as direct costs of research agreements provided such items are consistently treated by the institution as direct rather than indirect costs and are charged under a recognized method of costing or pricing designed to recover only actual costs and conforming to generally accepted cost accounting practices consistently followed by the institution.

§ 18–15.305 Indirect costs.

§ 18–15.305–1 General.

Indirect costs are those that have been incurred for common or joint objectives, and thus are not readily subject to treatment as direct costs of research agreements or other ultimate cost objectives. At educational institutions such costs normally are classified under the following functional categories: general administration and general expenses; research administration expenses; operation and maintenance expenses; library expenses; and departmental administration expenses.

§ 18–15.305–2 Criteria for distribution.

(a) *Base period.* A base period for distribution of indirect costs is the period during which such costs are incurred and accumulated for distribution to work performed within that period. The base period normally should coincide with the fiscal year established by the institution, but in any event the base period should be so selected as to avoid inequities in the distribution of costs.

(b) *Need for cost groupings.* The overall objective of the allocation and apportionment process is to distribute the indirect costs described in § 18–15.306 to organized research, instruction and other activities in reasonable proportions consistent with the nature and extent of the use of the institution's resources by research personnel, academic staff, students, and other personnel or organizations. In order to achieve this objective with reasonable precision, it may be necessary to provide for selective distribution by establishing separate groupings of cost within one or more of the fundamental categories of indirect costs referred to in § 18–15.305–1. In general, the cost groupings established within a functional category should constitute, in each case, a pool of those items of expense that are considered to be of like character in terms of their relative contribution to (or degree of remoteness from) the particular cost objectives to which distribution is appropriate. Each such pool or cost grouping should then be distributed individually to the appertaining cost objectives, using the distribution base or method most appropriate in the light of the guides set out in paragraph (c) of this section.

(c) *Selection of distribution method.* Actual conditions must be taken into account in selecting the method or base to be used in distributing to applicable cost objectives the expenses assembled under each of the individual cost groupings established as indicated under paragraph (b) of this section. Where a distribution can be made by assignment of a cost grouping directly to the area benefited, the distribution should be made in that manner. Where the expenses under a cost grouping are more general in nature, the distribution to appertaining cost objectives should be made through use of a selected base which will produce results which are equitable to both the Government and the institution. In general, any cost element or cost-related factor associated with the institution's work is potentially adaptable for use as a distribution base, provided (1) it can readily be expressed in terms of dollars or other quantitative measure (total direct expenditures, direct salaries, manhours applied, square feet utilized, hours of usage, number of documents processed, population served, and the like); and (2) it is common to the appertaining cost objectives during the base period. The essential consideration in selection of the distribution base in each instance is that it be the one best suited for assigning the pool of costs to appertaining cost objectives in accord with the relative benefits derived; the traceable cause and effect relationship; or logic and reason, where neither benefit nor cause and effect relationship is determinable.

(d) *General considerations on cost groupings.* The extent to which separate cost groupings and selective distribution would be appropriate at an institution is a matter of judgment to be determined on a case by case basis. Typical situations which may warrant the establishment of two or more separate cost groups (based on account classification or analysis) within a functional category include but are not limited to the following:

(1) Where certain items or categories of expense relate solely to one of the three major divisions of the institution (instruction, organized research, or other institutional activities) or to any two

but not the third, such expenses should be set aside as a separate cost grouping for direct assignment or selective distribution in accordance with the guides provided in paragraphs (b) and (c) of this section.

(2) Where any types of expense ordinarily treated as general administration and general expenses or departmental administration expenses are charged to research agreements as direct costs, the similar type expenses applicable to other activities of the institution must, through separate cost groupings, be excluded from the indirect costs allocable to research agreements.

(3) Where it is determined that certain expenses are for the support of a service unit or facility whose output is susceptible of measurements on a workload or other quantitative basis, such expenses should be set aside as a separate cost grouping for distribution on such basis to organized research and other activities at the institution or within the department.

(4) Where organized activities (including identifiable segments of organized research as well as the activities cited in § 18–15.302–4) provide their own purchasing, personnel administration, building maintenance or similar service, the distribution of general administration and general expenses or operation and maintenance expenses to such activities should be accomplished through cost groupings which include only that portion of central indirect costs (such as for overall management) which are properly allocable to such activities; and

(5) Where the institution elects to treat as indirect charges the cost of the pension plan and other staff benefits, such costs should be set aside as a separate cost grouping for selective distribution to appertaining cost objectives, including organized research.

(e) *Materiality.* Where it is determined that the use of separate cost groupings and selective distribution are necessary to produce equitable results, the number of such separate cost groupings within a functional category should be held within practical limits, after taking into consideration the materiality of the amounts involved and the degree of precision attainable through less selective methods of distribution.

§ 18–15.305–3 Administration of limitations on allowances for indirect costs.

(a) Research grants may be subject to laws that limit the allowance for indirect costs under each such grant to a stated percentage of the direct costs allowed. Agencies that sponsor such grants will establish procedures which will assure that: (1) The terms and amounts authorized in each case conform with the provisions of §§ 18–15.303, 18–304, and 18–15.309 as they apply to matters involving the consistent treatment and allowability of individual items of cost; and (2) the amount actually allowed for indirect costs under each such research grant does not exceed the maximum allowable under the limitation or the amount otherwise allowable under this subpart whichever is the smaller.

(b) Where the actual allowance for indirect costs on any research grant must be restricted to the smaller of the two alternative amounts referred to in (a) above, such alternative amounts should be determined in accordance with the following guides: (1) The maximum allowable under the limitation should be established by applying the stated percentage to a direct cost base which shall include all items of expenditure authorized by the sponsoring agency for inclusion as part of the total cost for the direct benefit of the work under the grant; and (2) the amount otherwise allowable under this subpart should be established by applying the current institutional indirect cost rate to the appropriate elements of direct cost under the grant, i.e., to total salaries and wages in the case of rates developed under § 18–15.307, or to total expenditures exclusive of capital expenditures in the case of rates developed under § 18–15.308.

(c) When the maximum amount allowable under a statutory limitation or the terms of a research agreement is less than the amount otherwise allocable as indirect costs under this subpart, the amount not recoverable as indirect costs under the research agreement involved may not be shifted to other research agreements.

§ 18–15.306 Identification and assignment of indirect costs.

§ 18–15.306–1 General administration and general expenses.

(a) The expenses under this heading are those that have been incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any major division of the institution, i.e., solely to (1) instruction; (2) organized research; or (3) other institutional activities. The general administration and general expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

(b) The expenses included in this category may be apportioned and allocated on the basis of total expenditures exclusive of capital expenditures in situations where the results of the distribution made on this basis are deemed to be equitable both to the Government and the institution; otherwise the distribution of general administration and general expenses should be made through use of selected bases applied to separate cost groupings established within this category of expenses in accordance with the guides set out in § 18–15.305–2.

§ 18–15.306–2 Research administration expenses.

(a) The expenses under this heading are those that have been incurred by a separate organization or identifiable administrative unit established solely to administer the research activity, including such functions as contract administration, security, purchasing, personnel administration, and editing and publishing of research reports. They include the salaries and expenses of the head of such research organization, his assistants, and their immediate secretarial staff together with the salaries and expenses of personnel engaged in supporting activities maintained by the research organization, such as stockrooms, stenographic pools, and the like. The salaries of members of the professorial staff whose academic appointments or formal assignments require the performance of such administrative work may also be included to the extent that the portion so charged to research administration is supported as required by § 18–15.309–7(b). The research administration expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowance and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

(b) The expenses included in this category should be allocated to organized research and, where necessary, to departmental research on any basis reflecting the proportion fairly applicable to each (see § 18–15.305–2).

§ 18–15.306–3 Operation and maintenance expenses.

(a) The expenses under this heading are those that have been incurred by a central service organization or at the departmental level for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; and care of grounds and maintenance and operation of buildings and other plant facilities. The operation and maintenance expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, and charges representing use allowance and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

(b) The expenses included in this category should be apportioned and allocated to applicable cost objectives in a manner consistent with the guides provided in § 18–15.305–2 on a basis that gives primary emphasis to space utilization. The allocations and apportionments should be developed as follows: (1) Where actual space and related cost records are available or can readily be developed and maintained without significant change in the accounting practices, the amount distributed should be based on such records; (2) where the space and related cost records maintained are not sufficient for purposes of

the foregoing, a reasonable estimate of the proportion of total space assigned to the various cost objectives normally will suffice as a means for effecting distribution of the amounts of operation and maintenance expenses involved; or (3) where it can be demonstrated that an area or volume of space basis of allocation is impractical or inequitable, other bases may be used provided consideration is given to the use of facilities by research personnel and others, including students.

§ 18–15.306–4 Library expenses.

(a) The expenses under this heading are those that have been incurred for the operation of the library, including the costs of books and library materials purchased for the library, less any items of library income that qualify as applicable credits under § 18–15.303–5. The library expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in the performance of the functions represented thereunder.

(b) The expenses included in his category should be allocated on the basis of population including students and other users. Where the results of the distribution made on this basis are deemed to be inequitable to the Government or the institution, the distribution should then be made on a selective basis in acordance with the guides set out in § 18–15.305–2. Such selective distribution should be made through use of reasonable methods which give adequate recognition to the utilization of the library attributable to faculty, research personnel, students, and others. The method used will be based on data developed periodically on the respective institution's experience for representative periods.

§ 18–15.306–5 Departmental administration expenses.

(a) The expenses under this heading are those that have been incurred in the department for the administrative and supporting service operations that jointly benefit the instructional activities and organized research of the department. They include the salaries and expenses of deans or heads, or associate deans or heads, of colleges, schools, departments or divisions, and their immediate secretarial staff together with the salaries and expenses of personnel engaged in supporting activities maintained by the department, such as stockrooms, stenographic pools, and the like provided such supporting services are consistently treated as indirect costs. The salaries of other members of the professorial staff whose academic appointments or formal assignments require the performance of such administrative work may also be included to the extent that the portion so charged to departmental administration expenses is supported as required by § 18–15.309–7(b). The departmental administration expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

(b) No particular distribution base is suggested for general use in allocating the expenses included in this category, since the situations which influence the incurrence of such expenses and the nature of the administrative support provided therefrom may vary considerably as between institutions or departments within the same institution. Accordingly, the distribution of departmental administration expenses should be made through use of selected bases applied to separate cost groupings established within this category of expenses in accordance with the guides set out in § 18–15.305–2.

§ 18–15.306–6 Setoff for indirect expenses otherwise provided for by the Government.

(a) The items to be accumulated under this heading are the reimbursements and other receipts from the Federal Government which are used by the institution to support directly, in whole or in part, any of the administrative or service (indirect) activities described in the foregoing (§§ 18–15.306–1 through 18–15.306–5). They include any amounts thus applied to such activities which may have been received pursuant to an institutional base grant or any similar contractual arrangement with the Federal Government other than a research agreement as herein defined (§ 18–15.302–3).

(b) The sum of the items in this group shall be treated as a credit to the total indirect cost pool before it is apportioned to organized research and to other activities. Such setoff shall be made prior to the determination of the indirect cost rate or rates as provided in § 18–15.307.

§ 18–15.307 Determination and application of indirect cost rate or rates.

§ 18–15.307–1 Indirect cost pools.

(a) Subject to paragraph (b) of this section, indirect costs allocated to organized research should be treated as a common pool, and the costs in such common pool should then be distributed to individual research agreements benefiting therefrom on a single rate basis.

(b) In some instances a single rate basis for use across the board on all Government research at an institution may not be appropriate, since it would not take into account those different environmental factors which may affect substantially the indirect costs applicable to a particular segment of Government research at the institution. For this purpose, a particular segment of Government research may be that performed under a single research agreement or it may consist of research under a group of research agreements performed in a common environment. The environmental factors are not limited to the physical location of the work. Other important factors are the level of the administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills involved, the organizational arrangements used, or any combination thereof. Where a particular segment of Government research is performed within an environment which appears to generate a significantly different level of indirect costs, provision should be made for a separate indirect cost pool applicable to such work The separate indirect cost pool should be developed during the course of the regular distribution process, and the separate indirect cost rate resulting therefrom should be utilized provided it is determined that (1) such indirect cost rate differs significantly from that which would have obtained under paragraph (a) of this section, and (2) the volume of research work to which such rate would apply is material in relation to other Government research at the institution.

§ 18–15.307–2 The distribution base.

Indirect costs allocated to organized research should be distributed to applicable research agreements on the basis of direct salaries and wages. For this purpose, an indirect cost rate should be determined for each of the separate indirect cost pools developed pursuant to § 18–15.307–1. The rate in each case should be stated as the percentage which be stated as the percentage which the amount of the particular indirect cost pool is of the total direct salaries and wages of all research agreements identified with such pool.

§ 18–15.307–3 Negotiated lump sum for overhead.

A negotiated fixed amount in lieu of indirect costs may be appropriate for self-contained or off-campus research activities where the benefits derived from an institution's indirect services cannot be readily determined. Such amount negotiated in lieu of indirect costs will be treated as an offset to total indirect expenses before apportionment to instruction, organized research, and other institutional activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

§ 18–15.307–4 Predetermined fixed rates for indirect costs.

Public Law 87–638 (76 Stat. 437) authorizes the use of predetermined fixed rates in determining the indirect costs applicable under research agreements with educational institutions. The stated objectives of the law are to simplify the administration of cost-type research and development contracts with educational institutions, to facilitate the preparation of their budgets, and to permit more expeditious closeout of such contracts when

the work is completed. In view of the potential advantages offered by this procedure, consideration should be given to the negotiation of predetermined fixed rates for indirect costs in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the contracting parties to reach an informed judgment as to the probable level of indirect costs during the ensuing accounting period.

§ 18–15.308 Simplified method for small institutions.

§ 18–15.308–1 General.

(a) Where the total direct cost of all federally supported work under research and educational service agreements at an institution does not exceed $1,000,000 in a fiscal year (excluding direct payments by the institution to participants under educational service agreements for stipends, support, and similar costs requiring little, if any, indirect cost support), the use of the abbreviated procedure described in § 18–15.308–2, below, may be used in determining allowable indirect costs. Under this abbreviated procedure, the institution's most recent annual financial report and immediately available supporting information, with salaries and wages segregated from other costs, will be utilized as a basis for determining the indirect cost rate applicable both to federally supported research and educational service agreements.

(b) The rigid formula approach provided under this abbreviated procedure should not be used where it produces results which appear inequitable to the Government or the institution. In any such case, indirect costs should be determined through use of the regular procedure.

§ 18–15.308–2 Abbreviated procedure.

(a) Establish the total amount of salaries and wages paid to all employees of the institution.

(b) Establish an overhead pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) which customarily are classified under the following titles or their equivalent:

(1) General administration and general expense (exclusive of costs of student administration and services, student aid, student activities, and scholarships).

(2) Operation and maintenance of physical plant.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under §§ 18–15.308–2(b)(1) and 18–15.308–2(b)(2) have previously been allocated to "other institutional activities," they may be included in the overhead pool. The total amount of salaries and wages included in the overhead pool must be separately identified.

(c) Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established under § 18–15.308–2(a) the amount of salaries and wages included under § 18–15.308–2(b).

(d) Establish the indirect cost rate, determined by dividing the amount in the overhead pool, § 18–15.308–2(b), by the amount of the distribution base, § 18–15.308–2(c).

(e) Apply the indirect cost rate established to direct salaries and wages for individual agreements to determine the amount of indirect costs allocable to such agreements.

§ 18–15.309 General standards for selected items of cost.

Sections § 18–15.309–1 through 18–15.309–46 provide standards to be applied in establishing the allowability of certain items involved in determining cost. These standards should apply irrespective of whether a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment or standards provided for similar or related items of cost. In case of discrepancy between the provisions of a specific research agreement and the applicable standards provided, the provisions of the research agreement should govern.

§ 18–15.309–1 Advertising costs.

The term "advertising costs" means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like. The only advertising costs allowable are those which are solely for (a) the recruitment of personnel required for the performance by the institution of obligations arising under the research agreement, when considered in conjunction with all other recruitment costs, as set forth in § 18–15.309–32; (b) the procurement of scarce items for the performance of the research agreement; or (c) the disposal of scrap or surplus materials acquired in the performance of the research agreement. Costs of this nature, if incurred for more than one research agreement or for both research agreement work and other work of the institution, are allowable to the extent that the principles in §§ 18–15.304 and 18–15.305 are observed.

§ 18.309–2 Bad debts.

Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collection costs, and related legal costs, are unallowable.

§ 18–15.309–3 Capital expenditures.

The costs of equipment, buildings, and repairs which materially increase the value or useful life of buildings or equipment, are unallowable except as provided for in the research agreement.

§ 18–15.309–4 Civil defense costs.

Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first-aid training and supplies, firefighting training, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the institution's premises pursuant to suggestions or requirements of civil defense authorities are allowable when distributed to all activities of the institution. Capital expenditures for civil defense purposes will not be allowed, but a use allowance or depreciation may be permitted in accordance with provisions set forth elsewhere. Costs of local civil defense projects not on the institution's premises are unallowable.

§ 18–15.309–5 Commencement and convocation costs.

Costs incurred for commencements and convocations apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs.

§ 18–15.309–6 Communication costs.

Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like are allowable.

§ 18–15.309–7 Compensation for personal services.

(a) *General.* Compensation for personal services covers all remuneration paid currently or accrued to employees of the institution for services rendered during the period of performance under government research agreements. Such remuneration includes salaries, wages, staff benefits (see § 18–15.309–39) and pension plan costs (see § 18–15.309–23). The costs of such remuneration are allowable to the extent that the total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the institution consistently applied, and provided that the charges for work performed directly on Government research agreements and for other work allocable as indirect costs to organized research are determined and supported as hereinafter provided.

(b) *Payroll distribution.* Amounts charged to organized research for personal services, except stipulated salary support, regardless of whether treated as direct costs or allocated as indirect costs, will be based on institutional payrolls which have been approved and documented in accordance with generally accepted institutional practices. Support for direct and indirect allocations of costs to (1) instruction, (2) organized research, (3) indirect activities as defined

in § 18–15.305–1, or (4) other institutional activities as defined in § 18–15.302–4 will be provided as described in paragraphs (c), (d), and (e) of this section.

(c) *Direct charges for personal services.* (1) The amounts stipulated for salary support (see § 18–15.302–7) in grants or cost-reimbursable type contracts will be treated as direct costs. The stipulated salary for the academic year will be prorated equally over the duration of the grant or contract period during the academic year, unless other arrangements have been made in the grant or contract instrument. No time or effort reporting will be required to support these amounts. Special provisions for summer salaries will be required. The research agreements will state that any research covered by summer salary support must be carried out during the summer, not during the academic year, and at locations approved in advance in writing by the granting agency. The certification required in § 18–15.310 will attest to this requirement as well as all others in a given research agreement.

(2) Stipulated salary support remains fixed during the funding period of the grant or contract and will be costed at the rate described above unless there is a significant change in performance. For example, a significant change in performance would exist if the faculty member (i) was ill for an extended period, (ii) took sabbatical leave to devote effort to duties unrelated to his research, or (iii) was required to increase substantially his teaching asignments, administrative duties, or responsibility for more research projects. In the latter event, it will be the responsibility of the educational institution to reduce the charges to the research agreement proportionately or seek an appropriate amendment.

(3) In the case of those covered by stipulated salary support, the auditors are no longer required to review the precise accuracy of time or effort devoted to research projects. Rather, their reviews should include steps to determine on a sample basis that an institution is not reimbursed for more than 100 percent of each faculty member's salary and that the portion of each faculty member's salary charged to Government-sponsored research is reasonable in view of his university workload and other commitments.

(4) When an educational institution cost shares in whole or in part (see Bureau of the Budget Circular No. A–74) by using faculty salaries, the stipulated salary concept should also be applied in this instance. During the proposal and award process, approving authorities will establish, in conjunction with the institution, the share of the faculty member's contribution to the project to be reimbursed by the Government and that to be borne by the institution. The latter amount will become a part of the institution's cost share. Unless other arrangements are made, the institution will prorate the stipulated salary over the period of the agreement and charge the prorated costs to the project cost records periodically to support its cost sharing amounts. No time or effort reporting will be required to support these charges. As in the case of stipulated salary amounts that are reimbursed by the Government, any significant change in performance, as defined in that context, which would affect the agreed-upon sharing amount must be promptly recognized by other cost sharing or amendment to the research agreement. It will be the responsibility of the educational institution to assure that this action is taken.

(5) Nonprofessorial professional staff includes research associates and assistants, graduate students, and other persons performing professional work; for example, chemists and engineers. The direct cost charged to organized research for the services of such professionals, exclusive of those whose salaries are stipulated in the research agreement, will be based on institutional payroll systems. Such institutional payroll systems must be supported by either an adequate appointment and workload distribution system accompanied by monthly reviews performed by responsible officials and a reporting of any significant changes in workload distribution of each professional, or by a monthly after-the-fact certification system which will require the individual investigators, deans, departmental chairmen or supervisors having first-hand knowledge of the services performed on each research agreement to report the distribution of effort. Reported changes will be incorporated during the accounting period into the payroll distribution system and into the accounting records. Direct charges for salaries and wages of nonprofessionals will be supported by time and attendance and payroll distribution records.

(d) *Indirect personal services costs.* Allowable indirect personal services costs will be supported by the educational institution's accounting system maintained in accordance with generally accepted institutional practices. Where a comprehensive accounting system does not exist, the institution should make periodic surveys no less frequently than annually to support the indirect personal services cost for inclusion in the overhead pool. Such supporting documentation must be retained for subsequent review by Government officials.

(e) *General guidance for charging personal services.* Budget estimates on a monthly, quarterly, semester, or yearly basis do not qualify as support for charges to federally sponsored research projects and should not be used unless confirmed after the fact. Charges to research agreements may include reasonable amounts for activities contributing and intimately related to work under the agreement, such as preparing and delivering special lectures about specific aspects of the ongoing research, writing research reports and articles, participating in appropriate research seminars, consulting with colleagues and graduate students with respect to related research, and attending appropriate scientific meetings and conferences. In no case should charges be made to federally sponsored research projects for lecturing or preparing for formal courses listed in the catalog and offered for degree credit, or for committee or administrative work related to university business.

(f) *Nonuniversity professional activities.* A university must not alter or waive university-wide policies and practices dealing with the permissible extent of professional services over and above those traditionally performed without extra university compensation, unless such arrangements are specifically authorized by NASA. Where university-wide policies do not adequately define the permissible extent of consultantships or other nonuniversity activities undertaken for extra pay, the Government may require that the effort of professional staff working under research agreements be allocated as between (1) university activities, and (2) nonuniversity professional activities. If NASA should consider the extent of nonuniversity professional effort excessive, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

(g) *Salary rates for academic year.* Charges for work performed on Government research by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the practice of the institution concerned, constitutes the basis of his salary. Charges for work performed on research agreements during all or any portion of such period would be allowable at the base salary rate. In no event will the charge to research agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period, and any extra compensation above the base salary for work on government research during such period would be unallowable. This principle applies to all members of the faculty at an institution and, since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation additional to full-time base salary, the principle also applies to those who function as consultants or otherwise contribute to a research agreement conducted by another faculty member of the same institution: *Provided, however*, That in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided such consulting arrangement is specifically provided in the research agreement or approved in writing by the sponsoring agency.

(h) *Salary rates for periods outside the academic year.* Charges for work performed by faculty members on government research during the summer months or other periods not included in the base salary period will be determined

for each faculty member at a rate not in excess of that which would be applicable under his base salary and will be limited to that effort actually expended on such research.

(i) *Salary rates for part-time faculty.* Charges for work performed on government research by faculty members having only part-time appointments for teaching will be determined at a rate not in excess of that for which he is regularly paid for his part-time teaching assignments. Example: An institution pays $5,000 to a faculty member for half-time teaching during the academic year. He devoted one-half of his remaining time (25 percent of his total available time) to Government research. Thus his additional compensation, chargeable by the institution to Government research agreements, would be one-half of $5,000 or $2,500.

§ 18–15.309–8 Contingency provisions.

Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.

§ 18–15.309–9 Deans of faculty and graduate schools.

The salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs, are allowable.

§ 18–15.309–10 Depreciation and use allowances.

(a) Institutions may be compensated for the use of buildings, capital improvements, and usable equipment on hand through use allowances or depreciation. Use allowances are the means of providing such compensation when depreciation or other equivalent costs are not considered. However, a combination of the two methods may not be used in connection with a single class of fixed assets.

(b) Due consideration will be given to Government-furnished facilities utilized by the institution when computing use allowances and/or depreciation if the Government-furnished facilities are material in amount. Computation of the use allowance and/or depreciation will exclude both the cost or any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where title was originally vested or where it presently resides and, secondly, the cost of grounds. Capital expenditures for land improvements (paved areas, fences, streets, sidewalks, utility conduits and similar improvements not already included in the cost of buildings) are allowable provided the systematic amortization of such capital expenditures has been provided in the institution's books of account, based on reasonable determinations of the probable useful lives of the individual items involved, and the share allocated to organized research is developed from the amount thus amortized for the base period involved.

(c) Where the use allowance method is followed, the use allowance for buildings and improvements will be computed at an annual rate not exceeding 2 percent of acquisition cost. The use allowance for equipment will be computed at an annual rate not exceeding 6⅔ percent of acquisition cost of usable equipment in those cases where the institution maintains current records with respect to such equipment on hand. Where the institution's records reflect only the cost (actual or estimated) of the original complement of equipment, the use allowance will be computed at an annual rate not exceeding 10 percent of such cost. Original complement for this purpose means the complement of equipment initially placed in buildings to perform the functions currently being performed in such buildings; however, where a permanent change in the function of a building takes place, a redetermination of the original complement of equipment may be made at that time to establish a new original complement. In those cases where no equipment records are maintained, the institution will justify a reasonable estimate of the acquisition cost of usable equipment which may be used to compute the use allowance at an annual rate not exceeding 6⅔ percent of such estimate.

(d) Where the depreciation method is followed, adequate property records must be maintained. The period of useful service (service life) established in each case for usable capital assets must be determined on a realistic basis which takes into consideration such factors as type of construction, nature of the equipment used, technological developments in the particular research area, and the renewal and replacement policies, followed for the individual items or classes of assets involved. Where the depreciation method is introduced for application to assets acquired in prior years, the annual charges therefrom must not exceed the amounts that would have resulted had the depreciation method been in effect from the date of acquisition of such assets.

(e) Where an institution elects to go on a depreciation basis for a particular class of assets, no depreciation, rental or use charge may be allowed on any such assets that, under paragraph (d) of this section, would be viewed as fully depreciated: *Provided, however,* That reasonable use charges may be negotiated for any such assets if warranted after taking into consideration the cost of the facility or item involved, the estimated useful life remaining at time of negotiation, the actual replacement policy followed in the light of service lives used for calculating depreciation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

§ 18–15.309–11 Employee morale, health, and welfare costs and credits.

The costs of house publications, health or first-aid clinics and/or infirmaries, recreational activities, employees' counseling services, and other expenses incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Such costs will be equitably apportioned to all activities of the institution. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

§ 18–15.309–12 Entertainment costs.

Costs incurred for amusement, social activities, entertainment, and any items relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable.

§ 18–15.309–13 Equipment and other facilities.

The cost of equipment or other facilities are allowable where such purchases are approved by the NASA or provided for by the terms of the research agreement.

§ 18–15.309–14 Fines and penalties.

Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the research agreement, or instructions in writing from the contracting officer.

§ 18–15.309–15 Insurance and indemnification.

(a) Costs of insurance required or approved, and maintained, pursuant to the research agreement, are allowable.

(b) Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations: (1) Types and extent and cost of coverage must be in accordance with sound institutional practice; (2) costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to Government-owned property are unallowable except to the extent that the Government has specifically required or approved such costs; and (3) costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted.

(c) Contributions to a reserve for an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

(d) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the research agreement, except that costs incurred because of losses not covered

under nominal deductible insurance coverage provided in keeping with sound management practice as well as minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

(e) Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise. The Government is obligated to indemnify the institution only to the extent expressly provided for in the research agreement, except as provided in paragraph (d) of this section.

§ 18–15.309–16 Interest, fund raising, and investment management costs.

(a) Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

(b) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are not allocable to Government research agreements.

(c) Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are not allocable to Government research agreements.

(d) Costs related to the physical custody and control of monies and securities are allowable.

§ 18–15.309–17 Labor relations costs.

Costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities, are allowable.

§ 18–15.309–18 Losses on other research agreements or contracts.

Any excess of costs over income under any other research agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any underrecoveries through negotiation of flat amounts for overhead.

§ 18–15.309–19 Maintenance and repair costs.

Costs incurred for necessary maintenance, repair, or upkeep of property (including Government property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

§ 18–15.309–20 Material costs.

Costs incurred for purchased materials, supplies, and fabricated parts directly or indirectly related to the research agreement, are allowable. Purchases made specifically for the research agreement should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the institution. Withdrawals from general stores or stockrooms should be charged at their cost under any recognized method of pricing stores withdrawals conforming to sound accounting practices consistently followed by the institution. Incoming transportation charges are a proper part of material cost. Direct material cost should include only the materials and supplies actually used for the performance of the research agreement, and due credit should be given for any excess materials retained, or returned to vendors. Due credit should be given for all proceeds or value received for any scrap resulting from work under the research agreement. Where Government-donated or furnished material is used in performing the research agreement, such material will be used without charge.

§ 18–15.309–21 Memberships, subscriptions and professional activity costs.

(a) Costs of the institution's membership in civic, business, technical, and professional organizations are allowable.

(b) Costs of the institution's subscriptions to civic, business, professional, and technical periodicals are allowable.

(c) Costs of meetings and conferences, when the primary purpose is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, and other items incidental to such meetings or conferences.

§ 18–15.309–22 Patent costs.

Costs of preparing disclosures, reports, and other documents required by the research agreement and of searching the art to the extent necessary to make such invention disclosures, are allowable. In accordance with the clauses of the research agreement relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent application where title is conveyed to the Government, are allowable. (See also § 18–15.309–33 below.)

§ 18–15.309–23 Pension plan costs.

Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided such policies meet the test of reasonableness and the methods of cost allocation are not discriminatory, and provided appropriate adjustments are made for credits or gains arising out of normal and abnormal employee turnover or any other contingencies that can result in forfeitures by employees which inure to the benefit of the institution.

§ 18–15.309–24 Plant security costs.

Necessary expenses incurred to comply with Government security requirements, including wages, uniforms and equipment of personnel engaged in plant protection, are allowable.

§ 18–15.309–25 Preresearch agreement costs.

Costs incurred prior to the effective date of the research agreement, whether or not they would have been allowable thereunder if incurred after such date, are unallowable unless specifically set forth and identified in the research agreement.

§ 18–15.309–26 Professional services costs.

(a) Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable, subject to paragraphs (b) and (c) of this section, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government. Retainer fees to be allowable must be reasonably supported by evidence of services rendered.

(b) Factors to be considered in determining the allowability of costs in a particular case include (1) the past pattern of such costs particularly in the years prior to the award of Government research agreements; (2) the impact of Government research agreements on the institution's total activity; (3) the nature and scope of managerial services expected of the institution's own organizations; and (4) whether the proportion of Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government research agreements.

(c) Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization or the prosecution of claims against the Government, are unallowable. Costs of legal, accounting, and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the research agreement.

§ 18–15.309–27 Profits and losses on disposition of plant, equipment, or other capital assets.

Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, including sale or exchange of either short- or long-term investments, shall be excluded in computing research agreement costs.

§ 18–15.309–28 Proposal costs.

Proposal costs are the costs of preparing bids or proposals on potential Government and non-Government research agreements or projects, including the development of engineering data and cost data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated currently to all activities of the institution, and no

proposal costs of past accounting periods will be allocable in the current period to the Government research agreement. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

§ 18–15.309–29 Public information services costs.

Costs of news releases pertaining to specific research or scientific accomplishment are unallowable unless specifically authorized by the sponsoring agency.

§ 18–15.309–30 Rearrangement and alteration costs.

Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency concerned.

§ 18–15.309–31 Reconversion costs.

Costs incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of Government research agreement work, fair wear and tear excepted, are allowable.

§ 18–15.309–32 Recruiting costs.

(a) Subject to paragraphs (b), (c), and (d) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well managed recruitment program. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

(b) In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.

(c) Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution, are unallowable.

(d) Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or indirect cost, and the newly hired employee resigns for reasons within his control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the Government.

§ 18–15.309–33 Royalties and other costs for use of patents.

Royalties on a patent or amortization of the cost of acquiring a patent or invention or rights thereto, necessary for the proper performance of the research agreement and applicable to tasks or processes thereunder, are allowable unless the Government has a license or the right to free use of the patent, the patent has been adjudicated to be invalid or has been administratively determined to be invalid, the patent is considered to be unenforceable, or the patent has expired.

§ 18–15.309–34 Sabbatical leave costs.

Costs of leave of absence to employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the institution has a uniform policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all appertaining activities of the institution. Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the institution's actual experience under its sabbatical leave policy.

§ 18–15.309–35 Scholarships and student aid costs.

Costs of scholarships, fellowships and other forms of student aid apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs. However, in the case of students actually engaged in work under research agreements, any tuition remission to such students for work performed are allocable to such research agreements provided consistent treatment is accorded such costs (see § 18–15.309–39).

§ 18–15.309–36 Severance pay.

(a) Severance pay is compensation in addition to regular salaries and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.

(b) Severance payments that are due to normal, recurring turnover and which otherwise meet the conditions of paragraph (a) of this section may be allowed provided the actual costs of such severance payments are regarded as expenses applicable to the current fiscal year and are equitably distributed among the institution's activities during that period.

(c) Severance payments that are due to abnormal or mass terminations are of such conjectural nature that allowability must be determined on a case-by-case basis. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment.

§ 18–15.309–37 Specialized service facilities operated by institution.

(a) The costs of institutional services involving the use of highly complex and specialized facilities such as electronic computers, wind tunnels, and reactors are allowable provided the charges therefor meet the conditions of paragraphs (b) or (c) of this section below, and otherwise taken into account any items of income or Federal financing that qualify as applicable credits under § 18–15.303–5.

(b) The costs of such institutional services normally will be charged directly to applicable research agreements based on actual usage or occupancy of the facilities at rates that (1) are designed to recover only actual costs of providing such services, and (2) are applied on a nondiscriminatory basis as between organized research and other work of the institution, including commercial or accommodation sales and usage by the institution for internal purposes.

(c) In the absence of an acceptable arrangement for direct costing as provided in paragraph (b) of this section, the costs incurred for such institutional services may be assigned to research agreements as indirect costs, provided the methods used achieve substantially the same results. Such arrangements should be worked out in coordination with all Government users of the facilities in order to assure equitable distribution of the indirect costs.

§ 18–15.309–38 Special services costs.

Costs incurred for general public relations activities, catalogs, alumni activities, and similar services, are unallowable.

§ 18–15.309–39 Staff benefits.

(a) Staff benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, military leave, and the like, are allowable provided such costs are absorbed by all institutional activities, including organized research, in proportion to the relative amount of time or effort actually devoted to each. (See § 18–15.309–34 for treatment of sabbatical leave.)

(b) Staff benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, the pension plan (see § 18–15.309–23), tuition or remission of tuition for individual employees or their families (see § 18–15.309–35), and the like, are allowable provided such benefits are granted in accordance with established institutional policies, and provided such contributions and other expenses, whether treated as indirect costs or as an increment of

direct labor costs, are distributed to particular research agreements and other activities in a manner consistent with the pattern of benefits accruing to the individuals or groups of employees whose salaries and wages are chargeable to such research agreements and other activities.

§ 18–15.309–40 Student activity costs.

Costs incurred for intramural activities, student publications, student clubs, and other student activities, apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs.

§ 18–15.309–41 Student services costs.

Costs of the deans of students, administration of student affairs, registrar, placement offices, student advisers, student health and infirmary services, and such other activities as are identifiable with student services apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs. However, in the case of students actually engaged in work under research agreements, a proportion of student services costs measured by the relationship between hours of work by students on such research work and total student hours including all research time may be allowed as a part of research administration expenses.

§ 18–15.309–42 Taxes.

(a) In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for (1) taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Government and in the latter case when the sponsoring agency makes available the necessary exemption certificates; and (2) special assessments on land which represent capital improvements.

(b) Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes, interest, or penalties which were allowed as research agreement costs, will be credited or paid to the Government in the manner directed by the Government provided any interest actually paid or credited to an institution incident to a refund of tax, interest and penalty will be paid or credited to the Government only to the extent that such interest accrued over the period during which the institution had been reimbursed by the Government for the taxes, interest, and penalties.

§ 18–15.309–43 Transportation costs.

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the research agreement, should be treated as a direct cost.

§ 18–15.309–44 Travel costs.

(a) Travel costs are the expenses for transportation, lodging subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those noramlly allowed by the institution in its regular operations.

(b) Travel costs are allowable subject to paragraphs (c) and (d) of this section, when they are directly attributable to specific work under a research agreement or are incurred in the normal course of administration of the institution or a department or research program thereof.

(c) The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements, such as where less than first-class accommodations would (1) require circuitous routing, (2) require travel during unreasonable hours, (3) greatly increase the duration of the flight, (4) result in additional costs which would offset the transportation savings, or (5) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

(d) Costs of personnel movements of a special or mass nature are allowable only when authorized or approved in writing by the contracting officer or his authorized representative.

§ 18–15.309–45 Termination costs applicable to contracts.

(a) Contract termination generally gives rise to the incurrence of costs or to the need for special treatment of costs, which would not have arisen had the contract not been terminated. Items peculiar to termination are set forth below. They are to be used in conjunction with all other provisions of this subpart in the case of contract termination.

(b) The cost of common items of material reasonably usable on the institution's other work will not be allowable unless the institution submits evidence that it could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the institution, consideration should be given to the institution's plans and orders for current and scheduled work. Contemporaneous purchases of common items by the institution will be regarded as evidence that such items are reasonably usable on the institution's other work. Any acceptance of common items as allowable to the terminated portion of the contract should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(c) If in a particular case, despite all reasonable efforts by the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this subpart, except that any such costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs will be considered unacceptable.

(d) Loss of useful value of special tooling, and special machinery and equipment is generally allowable, provided (1) such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the institution; (2) the interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and (3) the loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears to the entire terminated contract and other Government contracts for which the special tooling, special machinery or equipment was acquired.

(e) Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such leases, if (1) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable; and (2) the institution makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(f) Settlement expenses including the following are generally allowable: (1) accounting, legal, clerical, and similar costs reasonably necessary for the preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract, and the termination and settlement of subcontracts; and (2) reasonable costs for the storage, transportation, protection, and disposition of property provided by the Government or acquired or produced by the institution for the contract.

(g) Subcontractor claims, including the allocable portion of claims which are common to the contract and to other

work of the contractor are generally allowable.

§ 18–15.309–46 Use allowances.

See § 18–15.309–10.

§ 18–15.310 Certification of charges.

To assure that expenditures for research grants and contracts are proper and in accordance with the research agreement documents and approved project budgets, the annual and/or final fiscal reports for grants and the vouchers requesting payment under contracts will include a certification which reads essentially as follows:

I certify that all expenditures reported (or payments requested) are for appropriate purposes in accordance with the agreements set forth in the application and award documents.

(Signed by an Authorized Official of the University)

Subpart 18–15.4—Construction and Architect-Engineer Contracts

§ 18–15.400 Scope of subpart.

This Subpart 18–15.4 prescribes general principles and procedures for the evaluation and determination of costs in connection with contracts and subcontracts for construction and architect-engineer services related to construction. The applicability of this subpart to cost-reimbursement type contracts is set forth in § 18–15.104 and its applicability to fixed-price type contracts is prescribed in Subpart 18–15.6. In addition, because of the unique nature of certain aspects of construction contracts, guidance is provided with respect to some elements of cost wherein the basis for determination of cost under cost-reimbursement type contracts differs from that used for evaluation of cost under fixed-price type contracts.

§ 18–15.401 Basic considerations.

§ 18–15.401–1 Applicable cost principles.

Except as otherwise provided in this Subpart 18–15.4, because of the specialized nature of construction and architect-engineer contracts, the allowability of costs shall be determined in accordance with Subpart 18–15.2, except to the extent that the provisions of that subpart are clearly inappropriate to construction contracts.

§ 18–15.401–2 Special factors affecting the allowability of costs.

The scope of the work required may vary from routine projects of short duration to be performed within the contractor's home office locality to the erection of complex installations at remote locations over a period of several years. Climate and terrain may vary greatly among construction sites. All of these factors involving the nature, size, duration, and location of a construction project generally affect the basic determination of the Government as to the type of contract to be awarded and the operating practices, techniques, and procedures employed by the contractor, particularly with respect to the incurrence of the selected costs set forth in §§ 18–15.402–1 and 18–15.402–3. Advance understandings as set forth in § 18–15.107, for such items as home office overhead, partner's compensation, employment of consultants, and equipment usage, are particularly important to construction and architect-engineer contracts in order to assure complete understanding of the parties and to avoid possible subsequent disputes or disallowances.

§ 18–15.402 Selected costs.

§ 18–15.402–1 Construction plant and equipment.

(a) The widely varying conditions of climate, terrain, etc., applicable to individual Government construction projects make it impracticable to determine accurately the actual costs of depreciation of construction plant and equipment used on individual contracts. In addition, in certain cases it may be extremely difficult to determine or allocate accurately the cost of overhaul or repairs applicable in an individual contract since the period of incidence of such cost may not correspond with the period of benefit derived therefrom. Therefore, uniform rates covering depreciation, and, where appropriate, overhaul and repair costs, shall be used to provide equitable average compensation to contractors for the use of construction plant and equipment under Government contracts. Two separate rate schedules are available for this purpose. The rate schedule contained in DOD Instruction 4105.2, "Uniform Rental Rates for Construction Plant Owned or Controlled and Furnished by a Cost-Plus-a-Fixed-Fee Contractor or by a Cost-Plus-a-Fixed-Fee Subcontractor," referred to in paragraph (b) of this section, is generally appropriate to the types of construction projects awarded under cost-reimbursement type contracts; whereas the rate schedule referred to in paragraph (c) of this section, published by the Associated General Contractors of America, Inc., is generally appropriate to the types of construction projects awarded under fixed-price type contracts. Accordingly, unless the contract specifically provides to the contrary, usage costs for construction plant and equipment under cross-reimbursement type contracts and fixed-price type contracts shall be determined as provided in paragraphs (b) and (c) of this section, respectively.

(b) Allowable costs for construction plant and equipment in sound workable condition owned or controlled and furnished by a contractor or subcontractor with the approval of the contracting officer for use under cost-reimbursement type contracts shall be based on the provisions of DOD Instruction 4105.2 in effect as of the date of the contract with respect to (1) uniform rental rates in lieu of depreciation, overhead, and profit and (2) the costs incident to major, minor, and running repairs, complete and thorough overhaul, and loss or destruction of equipment.

(c) Evaluation of costs for the use of construction plant and equipment, in sound and workable condition, which are owned or controlled by a contractor or subcontractor and are furnished for the proper and economical performance of a fixed-price type contract shall be based upon the "Contractors' Equipment Ownership Expense Schedule" published by the Associated General Contractors of America, Inc., in effect as of the date of the contract. This represents a percentage of acquisition cost per working month or fraction thereof for the period of time the equipment is required for the job. If the equipment has already exceeded the assigned service life indicated by the percentage used for depreciation, 1 year shall be added to the actual age of the equipment and the depreciation percentage shall be revised accordingly. The allowance for equipment ownership expense, computed as provided herein, shall be considered to include all costs of depreciation, major repairs and overhaul, and overhead applicable to the equipment. Accordingly, there shall be eliminated from all direct and indirect charges under the contract all costs applicable to items of equipment which are included in the allowance for ownership expense. In considering total costs under any contract, no allowance for overhead shall be applied to the allowance for equipment ownership expense. Since costs incident to maintenance and minor and running repairs are not reflected in the ownership schedule, separate allowance shall be made therefor. In periods of suspension of work for the convenience of the Government under an appropriate contract clause, the allowance for equipment ownership expense shall not exceed 50 percent of the amount computed as herein indicated. Notwithstanding any sale and leaseback, or the acquisition of construction plant and equipment by individuals, firms, corporations, or trusts other than the contractor, and the leasing or rental of such construction plant and equipment to the contractor, the amount to be considered as a cost covering the use of such equipment shall not exceed the allowance for ownership expenses computed as indicated herein. Under certain circumstances, because of the long duration, special nature, or location of the work, it may be more economical to charge the net cost of items of construction plant and equipment directly against a contract in lieu of use of the ownership schedule. In such cases, where the contract, record of negotiations, or attendent circumstances indicate that particular items of construction plant and equipment were purchased for use solely under a specific contract, the cost of such items, less their proper resale or salvage value, may be charged to the contract as a direct charge, together with costs of repairs, overhaul, and maintenance incident thereto.

§ 18–15.402–2 Construction plant and equipment rented from others.

Costs incurred in connection with rental of construction plant and equipment from others (not under sale and leaseback arrangements) are allowable. Under cost-reimbursement type contracts, rental arrangements are subject to approval by the contracting officer. Costs, such as maintenance and minor or running repairs incident to the operation of such rented equipment, that are not included in the rental rate are allowable. Costs incident to major repair and overhaul are not allowable.

§ 18–15.402–3 Home office expense.

The extent to which a contractor utilizes his home office or central office organization for the performance of general, administrative, and management functions applicable to individual Government construction contracts is dependent upon the geographical location of the jobsite in relation to the contractor's home office, the magnitude and duration of the project, and other similar factors. Under the types of construction projects awarded on a cost-reimbursement type contract basis, most general, administrative, management, and other indirect cost functions are usually performed at the jobsite rather than at the contractor's home or central office. Other minor or incidental services otherwise provided are considered to be compensated for in the fixed fee. Accordingly, expenses incurred in the contractor's central or home office, including compensation and traveling expenses of officers and central office employees, are not allowable under cost-reimbursement type contracts except to the extent authorized by the contract or approved by the contracting officer. Under fixed-price type construction contracts which are performed at least in part through the use of the contractor's central office organization, the costs incurred by the contractor's central office are acceptable to the extent that they are allocable and reasonable in relation to the contract, and provided they do not exceed any limitations of cost stated in the contract or an advance understanding.

§ 18–15.402–4 Jobsite expenses.

Costs incurred at the jobsite incident to the performance of the work, such as the cost of superintendence, timekeeping and clerical work, engineering, utility costs, supplies, material handling, restoration and cleanup, etc., are allowable as a direct charge.

§ 18–15.402–5 Temporary use of land, structures, and facilities.

(a) Rental and any other costs, less any applicable credits, incurred in acquiring the temporary use of land, structures, and facilities, are allowable.

(b) Costs, less any applicable credits, incurred in the construction or fabrication of structures and facilities of a temporary nature, are allowable.

Subpart 18–15.5—Contracts for Industrial Facilities

§ 18–15.501 Applicable cost principles.

Except as otherwise provided in this subpart, the allowability of cost will be determined in accordance with Subpart 18–15.2, 3, or 4, as appropriate.

§ 18–15.502 Factors affecting allowability of costs.

A contractor's established accounting system and procedures are normally directed to the equitable allocation of costs to the types of products which he produces or services which he renders in the course of his normal operating activities. The acquisition of, or work on, facilities for the Government normally does not involve the manufacturing processes, plant departmental operations, cost patterns of work, administrative and managerial control, or clerical effort usual to production of the contractor's normal products or services. These operating and administrative differences affect the equitable allocation of indirect costs to facility contracts and make it desirable that advance understandings, as provided in § 18–15.107, be agreed to between the contractor and the contracting officer as to such indirect cost items to be applied to the facilities acquisition. A contractor's normal accounting practice for allocating indirect costs to the acquisition of his own facilities may range from charging all such costs to this acquisition to not charging any such costs thereto. Where necessary to produce an equitable result, the contractor's usual method of allocating indirect cost will be varied, and appropriate adjustment will be made to the pools of indirect cost and the bases of their distribution.

§ 18–15.503 Allocation of indirect manufacturing and plant operational cost.

(a) Facilities contract operations may involve:

(1) The purchase of facilities, or services in connection therewith, on a completed basis from outside sources;

(2) The purchase of completed facilities from outside sources, installation to be accomplished by the contractor's own employees;

(3) Rehabilitation of existing facilities by the contractor's own employees; or

(4) Construction or manufacture of facilities by the contractor from purchased components.

Guidelines for the allocation of indirect costs in these particular circumstances are set forth in paragraphs (b) through (d) of this section.

(b) The purchase of facilities, or services in connection therewith, from outside sources on a completed basis does not involve the contractor's direct labor or indirect plant maintenance personnel. Accordingly, indirect manufacturing and plant overhead costs, which are primarily incurred or generated by reason of direct labor or maintenance labor operations, are not allocable to the acquisition of such facilities.

(c) Contracts providing for the installation of new facilities or the rehabilitation of existing facilities may involve the use of the contractor's plant maintenance labor, as distinguished from direct labor engaged in the production of the company's normal products. In such instances, only those types of indirect manufacturing and plant operating costs that are related to or incurred by reason of the expenditure of the classes of labor utilized for the performance of the facilities work may be allocated to the facilities work. Thus, a facilities contract which involves the use of plant maintenance labor only would not be subject to an allocation of such cost items as direct productive labor supervision, depreciation and maintenance expense applicable to productive machinery and equipment, or raw material and finished goods storage costs.

(d) Where a facilities contract calls for the construction, production, or rehabilitation of equipment or other items which are involved in the regular course of the contractor's business by the use of the contractor's direct labor and manufacturing processes, the indirect costs normally allocated to all such work may be allocated to the facilities contract.

§ 18–15.504 General and administrative costs (including home office allocations).

General and administrative costs consist of items of cost attributable to the overall management, supervision, and conduct of the business. General and administrative costs in connection with the acquisition of or work on industrial facilities shall be allowed only when and to the extent specifically provided for in the contract. In allocating general and administrative costs, consideration should be given to (a) all work to which such costs are common, including acquisition of or work on facilities by the contractor for his own account, and (b) any difference in the amount of administrative effort expended by the contractor on his various activities, such as between production and fixed asset improvement programs or between the acquisition of facilities by purchase and by construction or manufacture. However, in no event will prices charged pursuant to § 18–15.505 be increased by the allocation of additional general and administrative costs.

§ 18–15.505 Contractor's commercial products.

If facilities which constitute the contractor's usual commercial products (or only minor modifications thereof) are acquired by the Government under the contract, the Government shall not pay any amount in excess of the contractor's most favored customer price or the price of other supplies for like quantities of the same or substantially the same items, whichever is lower.

Subpart 18–15.6—Guidelines for Application in the Negotiation and Administration of Fixed-Price Type Contracts and in the Negotiation of Termination Settlements

§ 18–15.600 Scope of subpart.

This Subpart 18–15.6 provides guidance for the use of Subparts 18–15.2, 18–15.3, and 18–15.4, (a) in the evaluation of costs in pricing of negotiated fixed-price type contracts and subcontracts where such evaluation is required to establish prices for such contracts, (b) in the negotiation of termination settlements, and (c) in the negotiation of any adjustment in price required by the contract, such as issuance of change orders, a suspension of work for the convenience of the Government under an appropriate contract clause, and equitable adjustments under the Government-Furnished Property clause.

§ 18–15.601 Definition of fixed-price type contracts.

"Fixed-price type" contracts include, for purposes of this subpart, the following:

(a) Firm fixed-price contracts;

(b) Fixed-price contracts with escalation;

(c) Fixed-price contracts providing for the redetermination of price;

(d) Fixed-price incentive contracts;

(e) Non-cost-reimbursable portion of time and materials contracts; and

(f) Labor-hour contracts.

§ 18–15.602 Basic considerations.

(a) Under fixed-price type contracts, the negotiated price is the basis for payment to a contractor, whereas allowable costs are the basis for reimbursement under cost-reimbursement type contracts. Cost and accounting data may provide guides for ascertaining fair compensation in the negotiation of fixed-price type contracts but are not rigid measures of it. Other types of data, criteria, or standards may furnish reliable guides to fair compensation. The ability to apply standards of business judgment as distinct from strict accounting principles is at the heart of a negotiated price or settlement.

(b) Among the different types of fixed-price type contracts, the need for consideration of costs varies considerably, as indicated below:

(1) *Retrospective pricing and settlements.* In negotiating firm fixed prices or settlements for work which has been completed at the time of negotiation (e.g., final negotiations under fixed-price incentive contracts, redetermination of price after completion of the work, or negotiation of a settlement agreement under a contract terminated for the convenience of the Government), the treatment of costs is a major factor in arriving at the amount of the price or settlement. However, even in these situations, the finally agreed-on price or settlement may represent something other than the sum total of acceptable cost plus profit, since the final price accepted by each party does not necessarily reflect agreement on the evaluation of each element of cost, but rather a final resolution of all issues in the negotiation process.

(2) *Forward pricing.* The extent to which costs influence forward pricing varies greatly from case to case. In negotiations covering future work, actual cost cannot be known and the importance of cost estimates depends on the circumstances. The contracting officer must consider all the factors affecting the reasonableness of the total proposed price, such as the technical, production, or financial risk assumed, the complexity of work, the extent of competitive pricing, and the contractor's record for efficiency, economy, and ingenuity, as well as available cost estimates. He must be free to bargain for a total price which equitably distributes the risks between the contractor and the Government and provides incentives for efficiency and cost reduction. In negotiating such a price, it is not possible to identify the treatment of specific cost elements since the bargaining is on a total price basis. Thus, while cost data is often a valuable aid, it will not control negotiation of prices for work to be performed, or a target price under an incentive contract.

§ 18–15.603 Cost principles and their use.

(a) When, pursuant to § 18–15.602, costs are to be considered in the negotiation of fixed-price type contracts, the appropriate subpart of this Part 18–15 shall be used as a guide in the evaluation of cost data required to establish a fair and reasonable price in conjunction with other pertinent negotiation considerations.

(b) In retrospective pricing, whenever an occasion arises in which acceptability of a specific item of cost becomes an issue, the appropriate subpart of this Part 18–15 will serve as a guide for the contracting officer in his conduct of negotiations.

(c) In applying this Part 18–15 to fixed-price contracts, contracting officers will (1) not be expected to negotiate agreement on every individual element of cost; and (2) be expected to use their judgment as to the degree of detail in which they consider the individual elements of cost in arriving at their evaluation of total cost, where such evaluation is appropriate. However, the negotiation record should fully substantiate and justify the reasoning leading to any negotiated price.

(d) In order to permit the proper evaluation of cost data submitted by contractors for use in negotiating prices, it may be necessary to obtain breakdowns or account analyses with respect to some cost items, particularly those whose treatment may be dependent upon special circumstances as stated in the principles. Contractors will be expected to be responsive to reasonable requests for data of this kind.

Subpart 18–15.7—Principles for Determining Costs Applicable to Grants and Contracts With State and Local Governments

§ 18–15.701 Purpose and scope.

§ 18–15.701–1 Objectives.

This Subpart 18–15.7 sets forth principles for determining the allowable costs of programs administered by State and local governments under grants from and contracts with the Federal Government. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal and State or local participation in the financing of a particular grant. They are designed to provide that federally assisted programs bear their fair share of costs recognized under these principles, except where restricted or prohibited by law. No provision for profit or other increment above cost is intended.

§ 18–15.701–2 Policy guides.

The application of these principles is based on the fundamental premises that:

(a) State and local governments are responsible for the efficient and effective administration of grant and contract programs through the application of sound management practices.

(b) The grantee or contractor assumes the responsibility for seeing that federally assisted program funds have been expended and accounted for consistent with underlying agreements and program objectives.

(c) Each grantee or contractor organization, in recognition of its own unique combination of staff facilities and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration.

§ 18–15.701–3 Application.

These principles will be applied by all Federal agencies in determining costs incurred by State and local governments under Federal grants and cost reimbursement type contracts (including subgrants and subcontracts) except those with (a) publicly financed educational institutions subject to Subpart 18–15.3, and (b) publicly owned hospitals and other providers of medical care subject to requirements promulgated by the sponsoring Federal agencies.

§ 18–15.702 Definitions.

§ 18–15.702–1 Approval or authorization of the grantor Federal agency.

"Approval or authorization of the grantor Federal agency" means documentation evidencing consent prior to incurring specific cost.

§ 18–15.702–2 Cost allocation plan.

"Cost allocation plan" means the documentation identifying, accumulating, and distributing allowable costs under grants and contracts together with the allocation methods used.

§ 18–15.702–3 Cost.

"Cost," as used herein, means cost as determined on a cash, accrual, or other basis acceptable to the Federal grantor agency as a discharge of the grantee's accountability for Federal funds.

§ 18–15.702–4 Cost objective.

"Cost objective" means a pool, center, or area established for the accumulation of cost. Such areas include organizational units, functions, objects or items of expense, as well as ultimate cost objectives including specific grants, projects, contracts, and other activities.

§ 18–15.702–5 Federal agency.

"Federal agency" means any department, agency, commission, or instrumentality in the executive branch of the Federal Government which makes grants to or contracts with State or local governments.

§ 18–15.702–6 Grant.

"Grant" means an agreement between the Federal Government and a State or local government whereby the Federal Government provides funds or aid in kind to carry out specified programs, services, or activities. The principles and policies stated in this subpart as applicable to grants in general also apply to any federally sponsored cost reimbursement type of agreement performed by a State or local government, including contracts, subcontracts and subgrants.

§ 18–15.702–7 Grant program.

"Grant program" means those activities and operations of the grantee which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.

§ 18–15.702–8 Grantee.

"Grantee" means the department or agency of State or local government which is responsible for administration of the grant.

§ 18–15.702–9 Local unit.

"Local unit" means any political subdivision of government below the State level.

§ 18–15.702–10 Other State or local agencies.

"Other State or local agencies" means departments or agencies of the State or local unit which provides goods, facilities, and services to a grantee.

§ 18–15.702–11 Services.

"Services," as used herein, means goods and facilities, as well as services.

§ 18–15.702–12 Supporting services.

"Supporting services" means auxiliary functions necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program. These services may be centralized in the grantee department or in some other agency, and include procurement, payroll, personnel functions, maintenance and operation of space, data processing, accounting, budgeting, auditing, mail and messenger service, and the like.

§ 18–15.703 Basic guidelines.

§ 18–15.703–1 Factors affecting allowability of costs.

To be allowable under a grant program, costs must meet the following general criteria:

(a) Be necessary and reasonable for proper and efficient administration of the grant program, be allocable thereto under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State or local governments.

(b) Be authorized or not prohibited under State or local laws or regulations.

(c) Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitations as to types or amounts of cost items.

(d) Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of Government of which the grantee is a part.

(e) Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

(f) Not be allocable to or included as a cost of any other federally financed program in either the current or a prior period.

(g) Be net of all applicable credits.

§ 18–15.703–2 Allocable costs.

(a) A cost is allocable to a particular cost objective to the extent of benefits received by such objective.

(b) Any cost allocable to a particular grant or cost objective under the principles provided for in this subpart may not be shifted to other Federal grant programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons.

(c) Where an allocation of joint cost will ultimately result in charges to a grant program, an allocation plan will be required as prescribed in § 18–15.709.

§ 18–15.703–3 Applicable credits.

(a) Applicable credits refer to those receipts or reduction of expenditure-type transactions which offset or reduce expense items allocable to grants as direct or indirect costs. Examples of such transactions are: Purchase discounts, rebates or allowances, recoveries or indemnities on losses; sale of publications, equipment, and scrap; income from personal or incidental services; and adjustments of overpayments or erroneous charges.

(b) Applicable credits may also arise when Federal funds are received or are available from sources other than the grant program involved to finance operations or capital items of the grantee. This includes costs arising from the use or depreciation of items donated or financed by the Federal Government to fulfill matching requirements under another grant program. These types of credits should likewise be used to reduce related expenditures in determining the rates or amounts applicable to a given grant.

§ 18–15.704 Composition of cost.

§ 18–15.704–1 Total cost.

The total cost of a grant program is comprised of the allowable direct cost incident to its performance, plus its allocable portion of allowable indirect costs, less applicable credits.

§ 18–15.704–2 Classification of costs.

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the grant or other ultimate cost objective. It is essential therefore that each item of cost be treated consistently either as a direct or an indirect cost. Specific guides for determining direct and indirect costs allocable under grant programs are provided in §§ 18–15.705 through 18–15.709.

§ 18–15.705 Direct costs.

§ 18–15.705–1 General.

Direct costs are those than can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of costs pending distribution in due course to grants and other ultimate cost objectives.

§ 18–15.705–2 Application.

Typical direct costs chargeable to grant programs are:

(a) Compensation of employees for the time and effort devoted specifically to the execution of grant programs.

(b) Cost of materials acquired, consumed, or expended specifically for the purpose of the grant.

(c) Equipment and other approved capital expenditures.

(d) Other items of expense incurred specifically to carry out the grant agreement.

(e) Services furnished specifically for the grant program by other agencies, provided such charges are consistent with criteria outlined in § 18–15.707 of these principles.

§ 18–15.706 Indirect costs.

§ 18–15.706–1 General.

Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities, to the grantee department. To facilitate equitable distribution of indirect expenses to the cost objectives served, it

may be necessary to establish a number of pools of indirect cost within a grantee department or in other agencies providing services to a grantee department. Indirect cost pools should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived.

§ 18–15.706–2 Grantee departmental indirect costs.

All grantee departmental indirect costs, including the various levels of supervision, are eligible for allocation to grant programs provided they meet the conditions set forth in this Subpart 18–15.7. In lieu of determining the actual amount of grantee departmental indirect costs allocable to a grant program, the following methods may be used:

(a) *Predetermined fixed rates for indirect costs.* A predetermined fixed rate for computing indirect costs applicable to a grant may be negotiated annually in situations where the cost experience and other pertinent facts available are deemed sufficient to enable the contracting parties to reach an informed judgment (1) as to the probable level of indirect costs in the grantee department during the period to be covered by the negotiated rate, and (2) that the amount allowable under the predetermined rate would not exceed actual indirect cost.

(b) *Negotiated lump sum for overhead.* A negotiated fixed amount in lieu of indirect costs may be appropriate under circumstances where the benefits derived from a grantee department's indirect services cannot be readily determined as in the case of small, self-contained, or isolated activity. When this method is used, a determination should be made that the amount negotiated will be approximately the same as the actual indirect cost that may be incurred. Such amounts negotiated in lieu of indirect costs will be treated as an offset to total indirect expenses of the grantee department before allocation to remaining activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

§ 18–15.706–3 Limitation on indirect costs.

(a) Federal grants may be subject to laws that limit the amount of indirect costs that may be allowed. Agencies that sponsor grants of this type will establish procedures which will assure that the amount actually allowed for indirect costs under each such grant does not exceed the maximum allowable under the statutory limitation or the amount otherwise allowable under this Subpart 18–15.7, whichever is the smaller.

(b) When the amount allowable under a statutory limitation is less than the amount otherwise allocable as indirect costs under this Subpart 18–15.7, the amount not recoverable as indirect costs under a grant may not be shifted to another federally sponsored grant program or contract.

§ 18–15.707 Cost incurred by agencies other than the grantee.

§ 18–15.707–1 General.

The cost of service provided by other agencies may only include allowable direct costs of the service plus a pro rata share of allowable supporting costs (§ 18–15.702–12) and supervision directly required in performing the service, but not supervision of a general nature such as that provided by the head of a department and his staff assistants not directly involved in operations. However, supervision by the head of a department or agency whose sole function is providing the service furnished would be an eligible cost. Supporting costs include those furnished by other units of the supplying department or by other agencies.

§ 18–15.707–2 Alternative methods of determining indirect cost.

In lieu of determining actual indirect cost related to a particular service furnished by another agency, either of the following alternative methods may be used provided only one method is used for a specific service during the fiscal year involved.

(a) *Standard indirect rate.* An amount equal to 10 percent of direct labor cost in providing the service performed by another State agency (excluding overtime, shift, or holiday premiums and fringe benefits) may be allowed in lieu of actual allowable indirect cost for that service.

(b) *Predetermined fixed rate.* A predetermined fixed rate for indirect cost of the unit or activity providing service may be negotiated as set forth in § 18–15.706–2(a).

§ 18–15.708 Cost incurred by grantee department for others.

§ 18–15.708–1 General.

The principles provided in § 18–15.707 will also be used in determining the cost of services provided by the grantee department to another agency.

§ 18–15.709 Cost allocation p[illegible]n.

§ 18–15.709–1 General.

A plan for allocation of costs will be required to support the distribution of any joint costs related to the grant program. All costs included in the plan will be supported by formal accounting records which will substantiate the propriety of eventual charges.

§ 18–15.709–2 Requirements.

The allocation plan of the grantee department should cover all joint costs of the department as well as costs to be allocated under plans of other agencies or organizational units which are to be included in the costs of federally sponsored programs. The cost allocation plans of all the agencies rendering services to the grantee department, to the extent feasible, should be presented in a single document. The allocation plan should contain, but not necessarily be limited to, the following:

(a) The nature and extent of services provided and their relevance to the federally sponsored programs.

(b) The items of expense to be included.

(c) The methods to be used in distributing cost.

§ 18–15.709–3 Approval of cost allocation plan.

The allocation plan for a given cost area or objective will serve all the Federal agencies involved.

(a) At the State level, the Department of Health, Education, and Welfare will be responsible for the negotiation and approval of the cost allocations plans for central support services to grant programs. The approved plans will be accepted by other Federal agencies, unless an agency determines that the approved plan would result in significant inequitable or improper charges to programs for which it is responsible. The Department of Health, Education, and Welfare will collaborate with the other Federal agencies concerned in the development of guidance material concerning the cost allocation plan and in the negotiation and approval of the plan. It will also collaborate with the States concerning procedures for the administration of the cost allocation plan. The Department of Health, Education, and Welfare will be responsible for the audit of costs resulting from the cost allocation plan, the results of which will be accepted by other Federal agencies.

(b) At the grantee department level in a State, and for local governments, Federal agencies will work towards the objective of designating a single Federal agency, the one with predominant interest, which will have responsibility similar to that set forth in paragraph (a) of this section for the negotiation and approval of the cost allocation plan and for the audit of costs.

§ 18–15.710 Standards for selected items of cost.

Sections 18–15.711, 18–15.712, and 18–15.713 provide standards for determining the allowability of selected items of cost. These standards will apply irrespective of whether a particular item of cost is treated as direct or indirect cost. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable, rather determination of allowability in each case should be based on the treatment of standards provided for similar or related items of cost. The allowability of the selected items of cost is subject to the general policies and principles stated in §§ 18–15.701 through 18–15.709.

§ 18–15.711 Allowable costs.

§ 18–15.711–1 Accounting.

The cost of establishing and maintaining accounting and other information systems required for the management of grant programs is allowable. This includes cost incurred by central service agencies for these purposes. The cost of

maintaining central accounting records required for overall State or local government purposes, such as appropriation and fund accounts by the Treasurer, Comptrollers, or similar officials, is considered to be a general expense of Government and is not allowable.

§ 18–15.711–2 Advertising.

Advertising media includes newspapers, magazines, radio and television programs, direct mail, trade papers, and the like. The advertising costs allowable are those which are solely for:

(a) Recruitment of personnel required for the grant program.

(b) Solicitation of bids for the procurement of goods and services required.

(c) Disposal of scrap or surplus materials acquired in the performance of the grant agreement.

(d) Other purposes specifically provided for in the grant agreement.

§ 18–15.711–3 Advisory councils.

Costs incurred by State advisory councils or committees established pursuant to Federal requirements to carry out grant programs are allowable. The cost of like organizations is allowable when provided for in the grant agreement.

§ 18–15.711–4 Audit service.

The costs of audit necessary for the administration and management of functions related to grant programs is allowable.

§ 18–15.711–5 Bonding.

Costs of premiums on bonds covering employees who handle grantee agency funds are allowable.

§ 18–15.711–6 Budgeting.

Costs incurred for the development, preparation, presentation, and execution of budgets are allowable. Costs for services of a central budget office are generally not allowable since these are costs of general government. However, where employees of the central budget office actively participate in the grantee agency's budget process, the cost of identifiable services is allowable.

§ 18–15.711–7 Building lease management.

The administrative cost for lease management which includes review of lease proposals, maintenance of a list of available prpperty for lease, and related activities is allowable.

§ 18–15.711–8 Central stores.

The cost of maintaining and operating a central stores organization for supplies, equipment, and materials used either directly or indirectly for grant programs is allowable.

§ 18–15.711–9 Communications.

Communication costs incurred for telephone calls or service, telegraph, teletype service, wide area telephone service (WATS), centrex, telpak (tie lines), postage, messenger service and similar expenses are allowable.

§ 18–15.711–10 Compensation for personal services.

(a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under the grant agreement, including but not necessarily limited to wages, salaries, and supplementary compensation and benefits (§ 18–15.711–13). The costs of such compensation are allowable to the extent that total compensation for individual employees: (1) Is reasonable for the services rendered, (2) follows an appointment made in accordance with State or local government laws and rules and which meets Federal merit system or other requirements, where applicable; and (3) is determined and supported as provided in paragraph (b) of this section. Compensation for employees engaged in federally assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the State or local government. In cases where the kinds of employees required for the federally assisted activities are not found in the other activities of the State or local government, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

(b) *Payroll and distribution of time.* Amounts charged to grant programs for personal services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and approved in accordance with generally accepted practice of the State or local agency. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort.

§ 18–15.711–11 Depreciation and use allowances.

(a) Grantees may be compensated for the use of buildings, capital improvements, and equipment through use allowances or depreciation. Use allowances are the means of providing compensation in lieu of depreciation or other equivalent costs. However, a combination of the two methods may not be used in connection with a single class of fixed assets.

(b) The computation of depreciation or use allowance will be based on acquisition cost. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used in the computation. The computation will exclude the cost or any portion of the cost of buildings and equipment donated or borne directly or indirectly by the Federal Government through charges to Federal grant programs or otherwise, irrespective of where title was originally vested or where it presently resides. In addition, the computation will also exclude the cost of land. Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the grantor Federal agency.

(c) Where the depreciation method is followed, adequate property records must be maintained, and any generally accepted method of computing depreciation may be used. However, the method of computing depreciation must be consistently applied for any specific asset or class of assets for all affected federally sponsored programs and must result in equitable charges considering the extent of the use of the assets for the benefit of such programs.

(d) In lieu of depreciation, a use allowance for buildings and improvements may be computed at an annual rate not exceeding 2 percent of acquisition cost. The use allowance for equipment (excluding items properly capitalized as building cost) will be computed at an annual rate not exceeding 6⅔ percent of acquisition cost of usable equipment.

(e) No depreciation or use charge may be allowed on any assets that would be considered as fully depreciated: *Provided, however,* That reasonable use charges may be negotiated for any such assets if warranted after taking into consideration the cost of the facility or item involved, the estimated useful life remaining at time of negotiation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

§ 18–15.711–12 Disbursing service.

The cost of disbursing grant program funds by the Treasurer or other designated officer is allowable. Disbursing services cover the processing of checks or warrants, from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

§ 18–15.711–13 Employee fringe benefits.

Costs identified under paragraphs (a) and (b) of this section are allowable to the extent that total compensation for employees is reasonable as defined in § 18–15.711–10.

(a) Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, court leave, military leave, and the like, if they are: (1) provided pursuant to an approved leave system, and (2) the cost thereof is equitably allocated to all related activities, including grant programs.

(b) Employee benefits in the form of employer's contribution or expenses for social security, employees' life and health

insurance plans, unemployment insurance coverage, workmen's compensation insurance, pension plans, severance pay, and the like, provided such benefits are granted under approved plans and are distributed equitably to grant programs and to other activities.

§ 18–15.711–14 Employee morale, health and welfare costs.

The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employees' counseling services, employee information publications, and any related expenses incurred in accordance with general State or local policy, are allowable. Income generated from any of these activities will be offset against expenses.

§ 18–15.711–15 Exhibits.

Costs of exhibits relating specifically to the grant programs are allowable.

§ 18–15.711–16 Legal expenses.

The cost of legal expenses required in the administration of grant programs is allowable. Legal services furnished by the chief legal officer of a State or local government or his staff solely for the purpose of discharging his general responsibilities as legal officer are unallowable. Legal expenses for the prosecution of claims against the Federal Government are unallowable.

§ 18–15.711–17 Maintenance and repair.

Costs incurred for necessary maintenance, repair, or upkeep of property which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

§ 18–15.711–18 Materials and supplies.

The cost of materials and supplies necessary to carry out the grant programs is allowable. Purchases made specifically for the grant program should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the grantee. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost.

§ 18–15.711–19 Memberships, subscriptions and professional activities.

(a) *Memberships.* The cost of membership in civic, business, technical and professional organizations is allowable provided: (1) the benefit from the membership is related to the grant program, (2) the expenditure is for agency membership, (3) the cost of the membership is reasonably related to the value of the services or benefits received, and (4) the expenditure is not for membership in an organization which devotes a substantial part of its activities to influencing legislation.

(b) *Reference material.* The cost of books and subscriptions to civic, business, professional, and technical periodicals is allowable when related to the grant program.

(c) *Meetings and conferences.* Costs are allowable when the primary purpose of the meeting is the dissemination of technical information relating to the grant program and they are consistent with regular practices followed for other activities of the grantee.

§ 18–15.711–20 Motor pools.

The costs of service organization which provides automobiles to user grantee agencies at a mileage or fixed rate and/or provides vehicle maintenance, inspection and repair services are allowable.

§ 18–15.711–21 Payroll preparation.

The cost of preparing payrolls and maintaining necessary related wage records is allowable.

§ 18–15.711–22 Personnel administration.

Costs for the recruitment, examination, certification, classification, training, establishment of pay standards, and related activities for grant programs are allowable.

§ 18–15.711–23 Printing and reproduction.

Cost for printing and reproduction services necessary for grant administration, including but not limited to forms, reports, manuals, and informational literature, are allowable. Publication costs of reports or other media relating to grant program accomplishments or results are allowable when provided for in the grant agreement.

§ 18–15.711–24 Procurement service.

The cost of procurement service, including solicitation of bids, preparation and award of contracts, and all phases of contract administration in providing goods, facilities and services for grant programs, is allowable.

§ 18–15.711–25 Taxes.

In general, taxes or payments in lieu of taxes which the grantee agency is legally required to pay are allowable.

§ 18–15.711–26 Training and education.

The cost of in-service training, customarily provided for employee development which directly or indirectly benefits grant programs is allowable. Out-of-Service training involving extended periods of time is allowable only when specifically authorized by the grantor agency.

§ 18–15.711–27 Transportation.

Costs incurred for freight, cartage, express, postage and other transportation costs relating either to goods purchased, delivered, or moved from one location to another are allowable.

§ 18–15.711–28 Travel.

Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business incident to a grant program. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in nonfederally sponsored activities. The difference in cost between first-class air accommodations and less-than-first-class air accommodations is unallowable except when less-than-first-class air accommodations are not reasonably available.

§ 18–15.712 Costs allowable with approval of grantor agency.

§ 18–15.712–1 Automatic data processing.

The cost of data processing services to grant programs is allowable. This cost may include rental of equipment or depreciation on grantee-owned equipment. The acquisition of equipment, whether by outright purchase, rental-purchase agreement or other method of purchase, is allowable only when specific prior approval of the grantor Federal agency is provided under the selected item for capital expenditures.

§ 18–15.712–2 Building space and related facilities.

The cost of space in privately or publicly owned buildings used for the benefit of the grant program is allowable subject to the conditions stated below. The total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality. The cost of space procured for grant program usage may not be charged to the program for periods of nonoccupancy, without authorization of the grantor Federal agency.

(a) *Rental cost.* The rental cost of space in a privately owned building is allowable.

(b) *Maintenance and operation.* The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and alterations and the like, are allowable to the extent they are not otherwise included in rental or other charges for space.

(c) *Rearrangements and alterations.* Cost incurred for rearrangement and alteration of facilities required specifically for the grant program or those that materially increase the value of useful life of the facilities (§18–15.712–3) are allowable when specifically approved by the grantor agency.

(d) *Depreciation and use allowances on publicly owned buildings.* These costs are allowable as provided in § 18–15.711–11.

(e) *Occupancy of space under rental purchase or a lease with option-to-purchase agreement.* The cost of space procured under such arrangements is allowable when specifically approved by the Federal grantor agency.

§ 18–15.712–3 Capital expenditures.

The cost of facilities, equipment, other capital assets, and repairs which materially increase the value or useful life of capital assets is allowable when such procurement is specifically approved by the Federal grantor agency. When assets acquired with Federal grant funds are (a) sold, (b) no longer available for use in a federally sponsored program, or (c) used for purposes not authorized by the grantor agency, the Federal grantor agency's equity in the asset will be refunded in the same proportion as Federal participation in its cost. In case any assets are traded on new items, only the net cost of the newly acquired assets is allowable.

§ 18–15.712–4 Insurance and indemnification.

(a) Costs of insurance required, or approved and maintained pursuant to the grant agreement, are allowable.

(b) Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

(1) Types and extent and cost of coverage will be in accordance with general State or local government policy and sound business practice.

(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the grantor agency has specifically required or approved such costs.

(c) Contributions to a reserve for a self-insurance program approved by the Federal grantor agency are allowable to the extent that the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

(d) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the grant agreement. However, costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools which occur in the ordinary course of opertions, are allowable.

(e) Indemnification includes securing the grantee against liabilities to third persons and other losses not compensated by insurance or otherwise. The Government is obligated to indemnify the grantee only to the extent expressly provided for in the grant agreement, except as provided in paragraph (d) of this section.

§ 18–15.712–5 Management studies.

The cost of management studies to improve the effectiveness and efficiency of grant management for on-going programs is allowable except that the cost of studies performed by agencies other than the grantee department or outside consultants is allowable only when authorized by the Federal grantor agency.

§ 18–15.712–6 Preagreement costs.

Costs incurred prior to the effective date of the grant or contract, whether or not they would have been allowable thereunder if incurred after such date, are allowable when specifically provided for in the grant agreement.

§ 18–15.712–7 Professional services.

Cost of professional services rendered by individuals or organizations not a part of the grantee department is allowable subject to such prior authorization as may be required by the Federal grantor agency.

§ 18–15.712–8 Proposal costs.

Costs of preparing proposals on potential Federal Government grant agreements are allowable when specifically provided for in the grant agreement.

§ 18–15.713 Unallowable costs.

§ 18–15.713–1 Bad debts.

Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable.

§ 18–15.713–2 Contingencies.

Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

§ 18–15.713–3 Contributions and donations.

Unallowable.

§ 18–15.713–4 Entertainment.

Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities, are unallowable.

§ 18–15.713–5 Fines and penalties.

Costs resulting from violations of, or failure to comply with Federal, State, and local laws and regulations are unallowable.

§ 18–15.713–6 Governor's expenses.

The salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision are considered a cost of general State or local government and are unallowable.

§ 18–15.713–7 Interest and other financial costs.

Interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith, are unallowable except when authorized by Federal legislation.

§ 18–15.713–8 Legislative expenses.

Salaries and other expenses of the State legislature or similar local governmental bodies such as county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction, are unallowable.

§ 18–15.713–9 Underrecovery of costs under grant agreements.

Any excess of cost over the Federal contribution under one grant agreement is unallowable under other grant agreements.

Subpart 18–15.8—Principles for Determining Costs Applicable to Training and Other Educational Services Under Grants and Contracts With Educational Institutions

§ 18–15.801 Purpose.

This Subpart 18–15.8 extends the scope of Subpart 18–15.3 to cover the determination of costs incurred by educational institutions under Federal grants and contracts for training and other educational services.

§ 18–15.802 Application.

Subpart 18–15.3 and this Subpart 18–15.8 will be used as a basis for determining allowable costs under grants and cost-reimbursement type contracts with educational institutions for work performed under federally sponsored educational service agreements.

§ 18–15.803 Terminology.

The following definitions are to be used in determining the indirect cost of federally sponsored training and other educational services under this Subpart 18–15.8.

§ 18–15.803–1 Educational service agreement.

"Educational service agreement" means any grant or contract under which Federal financing is provided on a cost reimbursement basis for all or an agreed portion of the costs incurred for training or other educational services. Typical of the work covered by educational service agreements are summer institutes, special training programs for selected participants, professional or technical services to cooperating countries, the development and introduction of new or expanded courses, and similar instructional oriented undertakings, including special research training programs, that are separately budgeted and accounted for by the institution. The term does not extend to (a) grants or contracts for organized research, (b) arrangements under which the Federal financing is exclusively in the form of scholarships, fellowships, traineeships, or other fixed amounts such as a cost of education allowance or the normal published tuition rates and fees of an institution, or (c) construction, facility, and exclusively general resource or institutional type grants.

§ 18–15.803–2 Instruction.

"Instruction" means all of the academic work other than organized research carried on by an institution, including the teaching of graduate and undergraduate courses, departmental research (see § 18–15.302–2) and all special training or other instructional oriented projects sponsored by the Federal Gov-

ernment or others under educational service agreements.

§ 18–15.804 Student administration and services.

In addition to the five major functional categories of indirect costs described in § 18–15.306, there is established an additional category under the title "Student administration and services" to embrace the following:

§ 18–15.804–1 Expenses—student affairs.

The expenses in this category are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. The salaries of members of the academic staff whose academic appointments or assignments require the performance of such administrative or service work may also be included to the extent that the portion so charged is supported pursuant to § 18–15.809–2. The student administration and services category also includes the staff benefits and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the cost of the operation and maintenance of the physical plant, and charges representing use allowance or depreciation applicable to the buildings and equipment utilized in the performance of the functions included in this category.

§ 18–15.804–2 Expenses—instruction activity.

The expenses in this category are generally applicable in their entirety to the instruction activity. They should be allocated to applicable cost objectives within the instruction activity, including educational service agreements, when such agreements reasonably benefit from these expenses. Such expenses should be allocated on the basis of population served (computed on the basis of full-time equivalents including students, faculty, and others as appropriate) or other methods which will result in an equitable distribution to cost objectives in relation to the benefits received and be consistent with guides provided in § 18–15.305–2.

§ 18–15.805 Direct costs of educational service agreements.

Direct costs of work performed under educational service agreements will be determined consistent with the principles set forth in § 18–15.304.

§ 18–15.806 Indirect costs of the instruction activity.

The indirect costs of the instruction activity as a whole should include its allocated share of administrative and supportive costs determined in accordance with the principles set forth in § 18–15.804 and in § 18–15.306. Such costs may include other items of indirect cost incurred solely for the instruction activity and not included in the general allocation of the various categories of indirect expenses.

§ 18–15.807 Indirect costs applicable to educational service agreements.

The individual items of indirect costs applicable to the instruction activity as a whole should be assigned to (a) educational service agreements, and (b) all other instructional work through use of appropriate cost groupings, selected distribution bases, and other reasonable methods as outlined in § 18–15.305–2. A single indirect pool may be used for all educational service agreements provided this results in a reasonably equitable distribution of costs among agreements in relation to indirect support services provided. However, when the level of indirect support significantly varies for work performed either on campus or off campus under a particular agreement or group of agreements, separate cost pools should be established consistent with the principles set forth in § 18–15.307–1(b). Where direct charges are provided for under educational service agreements for such things as commencement fees, student fees, and tuition, the related indirect costs, through separate cost groupings, should be excluded from the indirect costs allocable to the service agreements.

§ 18–15.808 Indirect cost rates for educational service agreements.

An indirect costs rate should be determined for the educational service agreement pool or pools, as established under § 18–15.807. The rate in each case should be stated as the percentage which the amount of the particular educational service agreement pool is of the total direct salaries and wages of all educational service agreements identified with such pool. Indirect costs should be distributed to individual agreements by applying the rate or rates established to direct salaries and wages for each agreement.

§ 18–15.809 General standards for selected items of cost.

The standards for selected items of cost as set forth in §§ 18–15.309–1 through 18–15.309–46 applicable to research agreements will also be applied to educational service agreements with the following modifications:

§ 18–15.809–1 Commencement and convocation costs (§ 18–15.309–5).

Expenses incurred for convocations and commencements apply to the instruction activity as a whole. Such expenses are unallowable as direct costs of educational service agreements unless specifically authorized in the agreement or approved in writing by the sponsoring agency. For eligibility of allocation as indirect costs, see §18–15.804.

§ 18–15.809–2 Compensation for personal services (§ 18–15.309–7).

Charges to educational service agreements for personal services will be determined and supported consistent with the provisions of § 18–15.309–7, except that: (a) charges for direct salaries and wages of the professional staff, including those in the professorial category, will be documented and supported consistent with the provisions of § 18–15.309–7 for nonprofessorial professional staff members (the provision for stipulated salary support will not be used for educational service agreements); and (b) charges may include compensation in excess of the base salary of a faculty member for the conduct of courses outside the regularly established work schedule of such member providing: (1) Extra charges are determined at a rate not greater than the basic salary rate of the member, (2) salary payments for such work follow practices consistently applied within the institution; and (3) specific authorization for such charges is included in the educational service agreement.

§ 18–15.809–3 Scholarships and student aid costs (§ 18–15.309–35).

Expenses incurred for scholarships and student aid are unallowable as either direct costs or indirect costs of educational service agreements, unless specifically authorized in the educational service agreement or approved in writing by the sponsoring agency.

§ 18–15.809–4 Student activity costs (§ 18–15.309–40).

Expenses incurred for student activities are unallowable as either direct costs or indirect costs of educational service agreements, unless specifically authorized in the educational service agreement or approved in writing by the sponsoring agency.

§ 18–15.809–5 Student services costs (§ 18–15.309–41).

Expenses incurred for student services are unallowable as direct costs of educational service agreements unless specifically authorized in the agreement or approved in writing by the sponsoring agency. For eligibility of allocation as indirect costs, see § 18–15.804.

PART 18–16—PROCUREMENT FORMS

Sec.

18–16.000 Scope of part.
18–16.001 Index of procurement forms for NASA use.

Subpart 18–16.1—Forms for Advertised and Negotiated Supply and Services Contracts

18–16.100 Scope of subpart.
18–16.101 Forms for advertised supply or services contracts (Standard Forms 33, 33A, 32, 36, 30, 26, and NASA Form 250).
18–16.101–1 General.
18–16.101–2 Conditions for use.
18–16.102 Forms for negotiated supply or services contracts (Standard Forms 18, 26, NASA Form 250, Standard Form 32, NASA Form 418, and Standard Forms 33, 33A, 36, and 30).
18–16.102–1 Request for quotations (Standard Form 18).
18–16.102–2 Award/Contract (Standard Form 26).

Sec.
18-16.102-3 Solicitation, offer, and award (Standard Form 33).
18-16.103 Amendment of Solicitation/Modification of Contract (Standard Form 30).
18-16.104 Instructions for preparation of forms for advertised and negotiated supply and services contracts (Standard Forms 33, 26, and 30).
18-16.104-1 Solicitation, offer, and award (Standard Form 33).
18-16.104-2 Award/contract (Standard Form 26).
18-16.104-3 Amendment of solicitation/modification of contract (Standard Form 30).

Subpart 18-16.2—Additional Forms for Negotiated Procurements

18-16.200 Scope of subpart.
18-16.201 Negotiated contract forms.
18-16.201-1 Contracts not in excess of $2,500 (NASA Form 1379, Standard Forms 44 and 147).
18-16.201-2 Proposal and acceptance (NASA Forms 147, 1379).
18-16.201-3 General provisions—Cost-Reimbursement Supply contracts (NASA Form 418).
18-16.201-4 General Provisions — Fixed-Price Research and development contracts (NASA Form 247).
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18-16.201-6 General provisions—Cost-Reimbursement Research and Development Contracts (NASA Form 417).
18-16.201-7 General Provisions—Cost-Reimbursement Research and Development Contracts With Educational or Nonprofit Institutions (NASA Form 419).
18-16.201-8 General Provisions—Facilities Contracts (NASA Forms 746, 747, and 748).
18-16.202 Contract pricing proposal forms (DD Forms 633, 633-1, 633-2, 633-3, 633-4, and 633-5 (NASA Editions)).
18-16.202-1 General.
18-16.202-2 DD Form 633 (Contract Pricing Proposal).
18-16.202-3 DD Forms 633-1, 633-2, 633-3, 633-4, and 633-5.
18-16.203 Cost and Price Analysis for Contract Price Redetermination (DD Form 784).
18-16.203-1 General.
18-16.203-2 Conditions for use.
18-16.204 Justification for Negotiation (NASA Form 543).

Subpart 18-16.3—Purchase and Delivery Order Forms

18-16.300 Scope of subpart.
18-16.301 Receipt for Cash—Subvoucher (Standard Form 1165).
18-16.302 Purchase Order Forms (Standard Forms 44, 147; NASA Form 1379).

Subpart 18-16.4—Forms for Construction Contracts

18-16.400 Scope of subpart.
18-16.401 Advertised construction contract forms.
18-16.401-1 General.
18-16.401-2 Conditions for use.
18-16.401-3 Terms, conditions, and provisions.
18-16.402 Negotiated construction contract forms.
18-16.402-1 General.
18-16.402-2 Contracts not to exceed $2,000.

Subpart 18-16.5—Special Contract and Other Forms

18-16.500 Scope of subpart.
18-16.501 Negotiated utility service contract forms.
18-16.501-50 NASA Form 550, Negotiated Utility Service Contract, NASA Form 550A, General Provisions for Negotiated Utility Service Contract, and NASA Form 550B, Signature Page.
18-16.501-51 NASA Form 550S, Negotiated Utility Service Contract (Short Form).
18-16.501-52 Appendices to contract forms.
18-16.501-53 Contents of a negotiated utility service contract.
18-16.501-54 Terms, conditions, and provisions.

Subpart 18-16.6—Forms for Coordinated Procurement

18-16.600 Scope of subpart.
18-16.601 NASA-Defense Purchase Request (NASA Form 523).
18-16.602 Acceptance of NASA-Defense purchase request.
18-16.603 Payments (Standard Form 1080).

Subpart 18-16.7—Contract Termination Forms

18-16.700 Scope of subpart.
18-16.701 Notices of termination.
18-16.702 Settlement proposal forms.
18-16.702-1 Settlement Proposal—Inventory Basis (DD Form 540).
18-16.702-2 Settlement Proposal — Total Cost Basis (DD Form 541).
18-16.702-3 Settlement Proposal for Cost-Reimbursement Type Contracts (DD Form 547).
18-16.702-4 Settlement Proposal — Short Form (DD Form 831).
18-16.702-5 Inventory Schedules (DD Forms 542, 543, 544, 545, and 832).
18-16.702-6 Schedule of Accounting Information (DD Form 546).
18-16.703 Application for Partial Payment (DD Form 548).
18-16.704 [Reserved]
18-16.705 Forms of settlement agreement.
18-16.706 Instructions for Use of Termination Forms (DD Form 1114, NASA Edition).
18-16.750 Instructions in Preparing Inventory Schedules of Contractor Inventory (DD ASPR Form 1115, NASA Edition).
18-16.751 Contract Termination Status Report (DD Form 1598).
18-16.752 Termination Authority (NASA Form 1412).
18-16.753 Termination Docket Checklist (NASA Form 1413).

Subpart 18-16.8—Miscellaneous Forms

18-16.800 Scope of subpart.
18-16.801 [Reserved]
18-16.802 Statement of Contingent Fees (Standard Form 119).
18-16.803 Compliance with labor laws, regulations, and clauses.
18-16.803-1 Construction Contracts (DB 11, Standard Form 1093, CB 16-19).
18-16.803-2 Supply Contracts (PC 13, PC 16, Standard Form 99).
18-16.803-3 [Reserved]
18-16.803-4 Employer Information Report EEO-1 (Standard Form 100).
18-16.804 U.S. Tax Exemption Certificate (Standard Form 1094).
18-16.805 Bond forms.
18-16.806 through 18-16.809 [Reserved]
18-16.810 Bidders Mailing List Application (Standard Form 129).
18-16.810-1 General.
18-16.810-2 Conditions for use.
18-16.811 Security Requirements (DD Forms 441 and 254).
18-16.811-1 Security agreement.
18-16.811-2 Security requirements checklist.
18-16.812 Release and Assignment Forms (NASA Forms 778, 779, 780, and 781).
18-16.813 [Reserved].
18-16.814 Architect-Engineer Questionnaire Form (Standard Form 251).
18-16.815 Contract Modification Forms (Standard Forms 30 and 36).
18-16.815-1 Modifications pursuant to provisions of contract.
18-16.815-2 Supplemental agreements.
18-16.815-3 Continuation of modifications.
18-16.816 Identical Bid Report for Procurement (DJ 1500).
18-16.817 [Reserved]
18-16.818 Inventory Schedules (DD Forms 542, 543, 544, and 545).
18-16.850 NASA Small Business Subcontracting Program Quarterly Report of Participating Large Company on Subcontract Commitments to Small Business Concerns (NASA Form 524).
18-16.851 Pre-Award Survey of Prospective Contractor (DD Porm 1524).
18-16.852 Procurement Request (NASA Form 404).
18-16.853 Checklist for Contract File Content (NASA Form 1098).
18-16.854 Request for Contractor Clearance (NASA Form 446).
18-16.855 [Reserved]
18-16.856 Contractor Financial Management Report (NASA Form 533 and 534 Series of Reports).
18-16.857 Bills of Material (DD Forms 346 and 347).
18-16.858 [Reserved]
18-16.859 Letter contracts.
18-16.859-1 General.
18-16.859-2 Cost-reimbursement type letter contract.
18-16.859-3 Fixed-price type letter contract.
18-16.859-4 Letter contract forms.
18-16.860 Processing payments under contracts with cost-reimbursement provisions.
18-16.861 Withholdings Under Davis-Bacon Act (S.F. 1093).
18-16.862 Unitary Plan Wind Tunnel Facilities (NASA Form 362).
18-16.863 New Technology (NASA Form 1162).
18-16.864 Procurement Plan Contents Checklist (NASA Form 1168).
18-16.865 Analysis of Government-Owned / Contractor-Held Property Other Than Space Hardware (NASA Form 1018).
18-16.866 Material Inspection and Receiving Report Forms (DD Form 250 and DD Form 250c).

Sec.
18-16.867 DOD Property Record (DD Form 1342).

Subpart 18-16.9—Procurement Action and Status Reports

18-16.900 Scope of subpart.
18-16.901 Individual Procurement Action Report (NASA Form 507).
18-16.902 Geographic Distribution of NASA Subcontracts (NASA Form 667).
18-16.903 Reporting on incentive contracts under administration.
18-16.904 NASA Small Business Subcontracting Program Quarterly Report (NASA Form 524).

AUTHORITY: The provisions of this Part 18-16 issued under 42 U.S.C. 2473(b)(1).

§ 18-16.000 Scope of part.

(a) This Part 18-16 prescribes forms for use in connection with the procurement by NASA of supplies and services (including construction) and provides instructions and guidance for their use.

(b) Contract forms prescribed by this Part 18-16, which contain General Provisions, are designed for the convenience of NASA procurement personnel. Clauses contained in such forms may be deleted and other clauses added or substituted by appropriate reference in the "Alterations in Contracts" clause: *Provided*, That the deletions, additions, and substitutions are in compliance with or supported by this chapter. When an inconsistency exists between a contract clause published in this chapter and the same clause printed in a NASA contract form, the clause published in this chapter shall govern.

§ 18-16.001 Index of procurement forms for NASA use.

Listed below in numerical sequence are NASA forms, U.S. standard forms, DOD forms, and certain miscellaneous forms that are authorized for use by this chapter. The current edition of each form is shown in parentheses under the column headed "Date." References to form numbers in this chapter are to the current editions of the forms identified in the list below, unless otherwise specifically indicated.

(a) *NASA Forms.*

Number	Date	Title
147	May 1963	Proposal and Acceptance (Negotiated Supply Contract).
246	August 1969	General Provisions for Short Form Fixed-Price Contract with Nonprofit Institutions.
247	September 1969	General Provisions for Fixed-Price Research and Development Contract.
250	August 1969	Additional General Provisions to U.S. Standard Form 32 (6-64 Ed.).
362	November 1958	Agreement for Use of NASA Unitary Plan Wind Tunnel Facilities.
404	June 1968	Procurement Request.
417	September 1969	General Provisions for Cost-Reimbursement Research and Development Contract.
418	do	General Provisions for Cost-Plus-a-Fixed-Fee Supply Contract.
419	September 1969	General Provisions for Cost-Reimbursement Research and Development Contracts with Educational or Nonprofit Institutions.
437	April 1959	Cover Page for Negotiated Contract.
437-1	October 1968	Signature Page for Negotiated Contract.
446	August 1960	Request for Contractor Clearance.
456	October 1969	Notice of Contract Costs Suspended and/or Disapproved.
456-1	November 1968	Notice of Contract Costs Suspended and/or Disapproved—Continuation Sheet.
507	June 1963	Individual Procurement Action Report.
523	July 1969	NASA—Defense Purchase Request.
524	July 1965	NASA Small Business Subcontracting Program Quarterly Report of Participating Large Company on Subcontract Commitments to Small Business Concerns.
353	February 1967	Contractor Financial Management Report.
533a	do	Monthly Contractor Financial Management Report.
533b	do	Contractor Financial Management Report—Contracts Under $500,000.
533c	do	Contractor Financial Management Report—Support Services Contracts.
534	do	Contract Fiscal Year Functional Cost/Hour Report.
534a	do	Contract Progress Curve Report.
534b	do	Annual Direct, Relatively Fixed Recurring Costs Report.
543	November 1966	Justification for Negotiation.
550	January 1963	Negotiated Utility Service Contract.
550S	do	Negotiated Utility Service Contract (Short Form).
550A	July 1965	General Provisions for Negotiated Utility Service Contract.
550A-1	January 1963	Electric Service Specifications.
550A-2	do	Gas Service Specifications.
550A-3	do	Water Service Specifications.
550A-4	do	Steam Service Specifications.
550A-5	do	Sewage Service Specifications.
550B	do	Signature Page.
551	April 1962	Cover Page for Letter Contracts.
551-1	do	Letter of Transmittal for Letter Contracts.
551-2	September 1962	Schedule Format for Letter Contracts.
551-3	1963	General Provisions for Letter Contracts.
558	February 1964	Materials Requirements Report.
604	September 1969	Additional General Provisions to U.S. Standard Form 23A (6-64 Ed.).
667	November 1966	Report on NASA Subcontracts.
746	August 1968	General Provisions for Cost-Reimbursement Facilities Acquisition Contract.
747	do	General Provisions for Facilities Use Contract.
748	do	General Provisions for Cost-Reimbursement Consolidated Facilities Contract.
778	April 1968	Contractor's Release.
779	do	Assignee's Release.
780	January 1963	Contractor's Assignment of Refunds, Rebates, Credits, and Other Amounts.
781	January 1963	Assignee's Assignment of Refunds, Rebates, Credits, and Other Amounts.
812	December 1962	Determination and Authorization to Abandon or Destroy Surplus Property.
1017	June 1968	Government-Owned/Contractor-Held Space Hardware Report.
1018	do	Analysis of Government-Owned/Contractor-Held Property Other Than Space Hardware.
1057	October 1966	Forecast of Propellant Requirements.
1098	June 1964	Check List for Contract File Content.
1129	May 1969	Incentive Contracts Currently Under Administration.
1132	do	Incentive Contracts Evaluation of Incentive Effectiveness.
1162	June 1966	New Technology.
1168	October 1964	Procurement Plan Contents Checklist.
1206	April 1965	Assurance of Compliance with the National Aeronautics and Space Administration Regulations Under Title VI of the Civil Rights Act of 1964.
1214	do	MSF Procurement Milestone Status Report.
1333	September 1966	Patent License Agreement.
1334	August 1969	General Provisions (Time and Material and Labor Hour Contracts).
1350	May 1967	NASA Contracting Officer's Certificate of Appointment.
1379	September 1968	Order for Supplies or Services.
1379 (Reverse)	do	Terms and Conditions.
1379A	do	Order for Supplies or Services (Continuation Sheet).
1379B	do	Additional General Provisions, Modification, and Acceptance.
1412	September 1969	Termination Authority.
1413	do	Termination Docket Checklist.

(b) *U.S. Standard Forms.*

Number	Date	Title
18	July 1966	Request for Quotations.
19	October 1969	Invitation, Bid, and Award (Construction, Alteration, or Repair).
19-A	April 1965	Labor Standards Provisions Applicable to Contracts in excess of $2,000.
19-B	October 1969	Representations and Certifications (Construction Contracts).
20	January 1961	Invitation for Bids (Construction Contract).
21	December 1965	Bid Form (Construction Contract).
22	October 1969	Instructions to Bidders (Construction Contract).
23	January 1961	Construction Contract.
23-A	October 1969	General Provisions (Construction Contract).
24	June 1964	Bid Bond.
25	June 1967	Performance Bond.
25-A	June 1964	Payment Bond.
25-B	do	Continuation Sheet (For Standard Forms 24, 25 and 25-A).
26	July 1966	Award/Contract.
28	June 1966	Affidavit of Individual Surety.
30	July 1966	Amendment of Solicitation/Modification of Contract.
32	November 1969	General Provisions (Supply Contract).
33	do	Solicitation, Offer, and Award.
33-A	March 1969	Solicitation Instructions and Conditions.

Number	Date	Title
34	June 1964	Annual Bid Bond.
35	do	Annual Performance Bond.
36	July 1966	Continuation Sheet.
38	October 1964	Notice of Nondiscrimination in Employment.
44	June 1964	Purchase Order—Invoice—Voucher.
97	September 1961	The U.S. Government Certificate of Release of a Motor Vehicle.
97-A	September 1961	Agency Record Copy of The U.S. Government Certificate of Release of a Motor Vehicle.
98	June 1966	Notice of Intention to Make a Service Contract and Response to Notice.
99	May 1965	Notice of Award of Contract.
100	January 1967	Employer Information Report EEO-1.
119	December 1952	Contractor's Statement of Contingent or Other Fees.
120	April 1957	Report of Excess Personal Property.
125	December 1959	Report of Strategic and Critical Materials.
129	January 66	Bidder's Mailing List Application.
147	June 1964	Order for Supplies or Services.
148	do	Continuation Sheet for Standard Form 147.
251	June 1961	Architect-Engineer Questionnaire.
1034	(Undated)	Public Voucher for Purchases and Services Other than Personal.
1034a	do	Public Voucher for Purchases and Services Other than Personal—Memorandum Copy.
1035	do	Public Voucher for Purchases and Services Other than Personal, Continuation Sheet.
1035a	do	Public Voucher for Purchases and Services Other than Personal, Continuation Sheet—Memorandum.
1080	do	Voucher for Transfers Between Appropriations and/or Funds.
1093	do	Schedule of Withholdings under the Davis-Bacon Act.
1094	do	U.S. Tax Exemption Certificate.
1165	March 1952	Receipt for Cash—Subvoucher.

(c) *Department of Defense Forms.*

250	November 1968	Material Inspection and Receiving Report.
250c	October 1966	Material Inspection and Receiving Report—Continuation Sheet.
254	October 1964	Security Requirements Checklist.
346	July 1952	Raw (Basic Processed) and Semifabricated Stock Form.
347	do	Bill of Materials for Subcontracted Parts—Purchased Parts—Government-Furnished Property.
441	May 1954	Security Agreement.
448-2	March 1961	Acceptance of MIPR.
452	December 1960	Report of Allotments and Authorized Controlled Materials Orders (Cumulative).
529	January 1960	Allocation Determination.
530	do	Return of Controlled Materials Allocations.
540	April 1957	Settlement Proposal (Inventory Basis).
541	do	Settlement Proposal (Total Cost Basis).
542	June 1968	Inventory Schedule A (Metals in Mill Product Form).
542c	April 1957	Inventory Schedule A (Continuation Sheet).
543	June 1968	Inventory Schedule B (Raw Materials, Purchased Parts, Finished Components, Finished Products, Miscellaneous).
543c	April 1957	Inventory Schedule B (Continuation Sheet).
544	June 1968	Inventory Schedule C (Work in Process).
544c	April 1967	Inventory Schedule C (Continuation Sheet).
545	June 1968	Inventory Schedule D (Dies, Jigs, Fixtures, etc., and Special Tools).
545c	April 1957	Inventory Schedule D (Continuation Sheet).
546	do	Schedule of Accounting Information.
547	do	Settlement Proposal for Cost-Reimbursement Type Contracts.
548	July 1958	Application for Partial Payment.
614	June 1957	Materials Requirements—Steel and Nickel Alloys.
614-1	June 1957	Materials Requirements—Copper and Aluminum.
633	April 1968	Contract Pricing Proposal.[1]
633-1	do	Contract Pricing Proposal (Technical Services).[1]
633-2	do	Contract Pricing Proposal (Technical Publications).[1]
633-3	do	Contract Pricing Proposal (Motion Pictures).[1]
633-4	do	Contract Pricing Proposal (Research and Development).[1]
633-5	do	Contract Pricing Proposal (Change Orders).[1]
783	July 1961	Royalty Report (Foreign and Domestic).
784	April 1959	Cost and Price Analysis for Contract Price Redetermination.
831	October 1959	Settlement Proposal (Short Form).
832	March 1969	Termination Inventory Schedule E (Short Form for Use With DD Form 831 Only).
1114	October 1959	Instructions for Use of Contract Termination Settlement and Inventory Schedule Forms.[1]
1115	February 1968	Instructions in Preparing Inventory Schedules of Contractor Inventory.[1]
1149	March 1959	Requisition and Invoice/Shipping Document.
1342	February 1968	DOD Property Record.
1419	do	DOD Industrial Plant Equipment Requisition.
1524	January 1966	Pre-Award Survey of Prospective Contractor—General.
1598	February 1967	Contract Termination Status Report.
1635	January 1968	Plant Clearance Case Register.
1636	do	Inventory Disposal Report.
1637	do	Notice of Acceptance of Inventory.
1639	do	Scrap Warranty.
1641	do	Disposal Determination/Approval.
1642	do	Inventory Verification Survey.

[1] NASA Edition.

(d) *Miscellaneous forms.*

AF-15		Monthly Report of Letter Contracts.
AF-857	August 1962	USAF Propellant Sale; Slip.
BDSAF-138	January 1967	Request for Special Priorities Assistance.
CB 16-19	February 1962	Construction Contract Award Notification.
DB 11	July 1964	Request for Determination.
DJ 1500	June 1961	Identical Bid Report for Procurement.
DMS-10	July 1959	Allotment of Controlled Materials (Production).
DMS-11	do	Allotment Decrease (Production).
DMS-12	do	Applicant's Return of Allotment.
DMS-13	do	Allotment of Controlled Materials (Construction).
DMS-14	do	Allotment Decrease (Construction).
GSA-457	October 1966	Request for Federal Supply Schedules and Contractors' Catalogs.
GSA-2084		Clearance to Acquire Correspondence Filing Cabinets.
PC-13	1968	Combination Letter-Poster re Walsh-Healey Public Contracts Act.
PC-16	February 1968	Minimum Wage Determinations Under the Walsh-Healey Public Contracts Act.
SC-1	1966	Notice to Employees Working on Government Service Contracts.
SOL-155	July 1961	Wage Rate Information.
SOL-184 } SOL-185 }		Optional Payroll Forms for Use on Federal Construction Contracts Subject to the Davis-Bacon Act and Related Acts.
TD 720	July 1964	Quarterly Federal Excise Tax Return.
TD 1444	January 1962	Alcohol for Use of the United States.
TD 1486	October 1962	Specially Denatured Alcohol for Use of the United States.

Subpart 18–16.1—Forms for Advertised and Negotiated Supply and Services Contracts

§ 18–16.100 Scope of subpart.

This Subpart 18–16.1 prescribes forms for use in procuring supplies and services either by formal advertising or by negotiation (but see also Subpart 18–16.2); it is not applicable to specialized procurements for which other instructions are prescribed by this chapter.

§ 18–16.101 Forms for advertised supply or services contracts (Standard Forms 33, 33A, 32, 36, 30, 26, and NASA Form 250).

§ 18–16.101–1 General.

The following contract forms shall be used effecting procurements of supplies or services by formal advertising:

(a) Solicitation, Offer, and Award (Standard Form 33, July 1966 Edition) and the reverse side (Representations, Certifications and Acknowledgments). Pending the publication of a new edition of Standard Form 33, the "Certification of Nonsegregated Facilities" prescribed in § 18–12.802–4(c) shall be made an additional provision of the form;

(b) Solicitation Instructions and Conditions (Standard Form 33A);

(c) General Provisions (Supply Contract) (Standard Form 32, June 1964 Edition). Pending the publication of a new edition of Standard Form 32, the form is revised as follows:

(1) The clause prescribed in § 18–12.802–1 shall be substituted for the present provisions of Clause 18, "Equal Opportunity."

(2) The clause prescribed in § 18–1.805–3(a) shall be substituted for the present provisions of Clause 22, "Utilization of Concerns in Labor Surplus Areas."

(d) NASA Form 250 (Additional General Provisions to U.S. Standard Form 32), and any other special terms for the

solicitation or additional contract provisions which are prescribed by the NASA Procurement Regulation;

(e) Continuation Sheet (Standard Form 36);

(f) Amendment of Solicitation/Modification of Contract (Standard Form 30) when needed (see § 18-16.103);

(g) Award/Contract (Standard Form 26) when needed.

§ 18-16.101-2 Conditions for use.

(a) The Solicitation, Offer, and Award (Standard Form 33) shall be prepared in accordance with § 18-2.201-1. One copy of Standard Form 33A shall accompany each copy of Standard Form 33.

(b) Standard Form 32 and NASA Form 250 may be attached to each copy of the Solicitation. Alternatively, only one copy of Standard Form 32 and NASA Form 250 need be furnished to each offeror for retention if such provisions are specifically incorporated by reference, including each form name, number and date, in the Schedule. Provisions which are inapplicable to a particular procurement may be deleted by appropriate reference in the Alterations in Contract clause.

(c) Award of contracts shall be accomplished by completing the Award portion of Standard Form 33 and furnishing a copy of the form, so completed, to each successful offeror. Alternatively, such award may be accomplished by completing the Award portion of Standard Form 26 and furnishing it to each successful offeror. Papers previously forwarded to offerors need not accompany the successful offeror's copy of the Award document. The required use of the Award portion of Standard Form 33 or Standard Form 26 does not preclude the additional use of informal documents, including telegrams, as notices of awards.

(d) Continuation Sheet (Standard Form 36) shall be used when additional space is required for Schedule, Amendment/Modification, or Award; however, where the columns thereon are not required, a blank sheet may be used. The appropriate identification of the document being continued and page number shall be shown on all continuation sheets.

(e) When it is necessary to issue an amendment to a solicitation for bids, Standard Form 30 shall be used.

§ 18-16.102 Forms for negotiated supply or services contracts (Standard Forms 18, 26, NASA Form 250, Standard Form 32, NASA Form 418, and Standard Forms 33, 33A, 36, and 30).

§ 18-16.102-1 Request for Quotation (Standard Form 18).

(a) *General.* Standard Form 18 is prescribed for obtaining price, cost, delivery, and related information from suppliers.

(b) *Conditions for use.* Standard Form 18 is authorized for use when it appears reasonably certain that the procurement will be consummated by (1) a fixed-price contract involving extensive negotiation or (2) a cost-reimbursement contract. Continuation Sheet (Standard Form 36) may be used as required. Standard Form 18 may be used for negotiated procurements in excess of $2,500, and for negotiated procurements of $2,500 or less (including purchase orders) when written solicitations (other than by telegram) of quotations are required. A quotation submitted on Standard Form 18 is only informational and is not to be construed as a legal offer, acceptance of which would result in a binding contract. Accordingly, issuance of a purhase order (or other document) pursuant to a supplier's quotation on Standard Form 18 does not constitute acceptance but an offer to buy certain goods or services upon certain specified terms and conditions. Under the procedure of obtaining a quotation on Standard Form 18 and issuing a purchase order, the Government may, at any time prior to acceptance by the contractor of the purchase order, withdraw, amend, or cancel its offer, thereby minimizing disputes and administrative costs. In such cases, a written notice should be given the supplier. Since substantial performance by the supplier, prior to cancellation, may constitute acceptance and hence create a contract, the contracting officer should verify whether or not acceptance of the offer has taken place prior to cancellation of the offer.

§ 18-16.102-2 Award/Contract (Standard Form 26).

(a) *General.* Standard Form 26 is designed for use primarily when entering into contracts resulting from extensive negotiation where the signature of both parties on a single document is appropriate. (See also § 18-16.102-3 for use of this form as an award pursuant to receipt of a firm offer on Solicitation, Offer, and Award (Standard Form 33).)

(b) *Conditions for use.* Standard Form 26, in conjunction with appropriate General Provisions is provided in paragraphs (c), (d), and (e) of this section, is prescribed for use in negotiated contracts except:

(1) Contracts for which Solicitation, Offer, and Award (Standard Form 33) is used in accordance with § 18-16.102-3;

(2) Contracts for the construction, alteration, or repair of buildings, bridges, roads or other kinds of real property;

(3) Procurements for which special contract forms are prescribed; and

(4) Procurements for which purchase order and related forms are authorized by Subpart 18-16.3.

(c) *Negotiated fixed-price supply and services contracts.* Except as provided in (b) above, Award/Contract (Standard Form 32, General Provisions (Supply Contract), supplemented by NASA Form 250 (Additional General Provisions to U.S. Standard Form 32), and any other applicable contract provisions which are prescribed by this chapter for entering into negotiated, fixed-price supply and services contracts.

(d) *Negotiated cost-reimbursement supply and services contracts.* Except as provided in paragraph (b) 6f this section, Award/Contract (Standard Form 26) shall be used with NASA Form 418, General Provisions (Cost-Plus-a-Fixed-Fee Supply Contract) and any other applicable contract provisions which are prescribed by this chapter for entering into negotiated cost-reimbursement type supply contracts.

(e) *Special negotiated contracts.* Award/Contract (Standard Form 26) may be used for special procurements where clauses other than those contained in NASA Form 250, Standard Form 32 or NASA Form 418 have been authorized. For example, cost-reimbursement research and development contracts with clauses prescribed by Subpart 18-7.4; time and material and labor hour contracts with clauses prescribed by Subpart 18-7.9.

(f) *Corporate certificate.* Where a corporate certificate is considered necessary or desirable, it may be executed on a typed sheet, identified by the contract number, and attached to Award/Contract (Standard Form 26).

(g) *Schedule and continuation sheet.* Standard Form 36 (Continuation Sheet) shall be used for the Schedule and Continuation Sheets (see § 18-16.101-2(d)).

§ 18-16.102-3 Solicitation, offer, and award (Standard Form 33).

(a) *General.* The following forms are prescribed for use under the conditions set forth in paragraph (b) of this section in effecting negotiated fixed-price procurement of supplies or services:

(1) Solicitation, Offer, and Award (Standard Form 33);

(2) Solicitation Instructions and Conditions (Standard Form 33A);

(3) General Provisions (Supply Contract) (Standard Form 32) and NASA Form 250 (only when procuring supplies);

(4) any other forms containing contract provisions which are prescribed by this chapter;

(5) Continuation Sheet (See § 18-16.101-2(d));

(6) Amendment of Solicitation/Modification of Contract (Standard Form 30) when needed (see § 18-16.103); and

(7) Award/Contract (Standard Form 26) when needed.

(b) *Conditions for use.* (1) The above forms (together with authorized contract provisions) shall be used in connection with the negotiation of fixed-price contracts for supplies or services when it appears desirable to commence negotiations by soliciting written offers which, if there is written acceptance by the Government, would create a binding contract without further action.

(2) When offers have been submitted on Solicitation, Offer, and Award (Standard Form 33) and it is in the interest of the Government and is in accordance with § 18-3.102 to accept a prospective contractor's offer without further negotiation, price and other factors considered, award may be made by use of the Award portion of Standard Form 33. In such instances, the contract will consist of the appropriate documents listed in paragraph (a) of this section. Alternatively, award may

be made by use of the Award portion of Standard Form 26 (see § 18–16.102–2).

(3) When an offer submitted by a prospective contractor leads to further negotiation, the resulting contract shall be prepared as a bilateral contract document on Award/Contract (Standard Form 26) in accordance with § 18–16.102–2 except that:

(i) If the circumstances are such that the prospective contractor can amend his offer in writing to reflect any necessary changes, the amended offer may be accepted by use of the Award portion of Solicitation, Offer, and Award (Standard Form 33) or the Award portion of Award/Contract (Standard Form 26); or

(ii) If all the terms and conditions agreed to as a result of such further negotiation are specifically and clearly set forth in identifiable writings but such writings are unsuitable or too voluminous to permit acceptance of the amended offer by use of the Award portion of either Standard Form 33 or 26 and if the circumstances of the procurement require prompt acceptance of the amended offer, such modified offer may be accepted by the issuance of a notice of award in substantially the format set forth below. Each such notice of award shall have the concurrence of the field counsel prior to issuance. In addition, where a notice of award is used, if the dollar value of the procurement is such that Headquarters approval would be required, such approval of the notice of award must be obtained prior to its issuance. The request for approval of the notice of award shall be accompanied by all writings and documents which together establish the terms and conditions of the contract.

In cases of subparagraph (1) of this paragraph, the use of the Award portion of Standard Form 33 or 26 does not preclude the additional use of informal documents, including telegrams, as notices of award. In cases within subparagraph (2) of this paragraph, all of the terms and conditions of the contract thereby created shall be, without change or modification, promptly consolidated into a bilateral contract document using Award/Contract (Standard Form 26).

NAME AND ADDRESS OF PROCUREMENT OFFICE

Date _____

NAME AND ADDRESS OF CONTRACTOR

CONTRACT NO. _____

GENTLEMEN: Your offer dated _____, (in response to Solicitation No. _____, dated _____) as amended by [list and identify all documents or portions thereof, such as letters, telegrams, and printed matter, from the prospective contractor and the Government, which together set forth the terms and conditions of the contract] for the furnishing of _____, at a total price of $_____, is accepted and award is hereby made.

A contract in the usual form, dated and numbered as set forth above, incorporating all the terms and conditions of the contract hereby created is being prepared and will be forwarded to you in the near future.

This contract is authorized by and has been negotiated pursuant to 10 U.S.C. 2304(a)( ).

UNITED STATES OF AMERICA

By _____

((Name) Contracting Officer)

(4) Standard Form 32 and NASA Form 250 (Additional General Provisions to U.S. Standard Form 32), if applicable, may be attached to each of the Solicitation, Offer, and Award (Standard Form 33). Alternatively, only one copy of Standard Form 32 and NASA Form 250 need be furnished to each supplier for retention, if such provisions are specifically incorporated by reference in the Schedule including each form name, number and date. Provisions which are inapplicable to a particular procurement generally may be deleted by appropriate reference under the Alterations in Contract clause.

(5) When a cost breakdown is required in connection with an offer, DD Form 633 (NASA Edition) shall be used to the extent provided in § 18–16.202.

(6) This § 18–16.102–3(b) does not preclude the use of the purchase order forms prescribed in Subpart 18–16.3.

(7) When it is necessary to issue an amendment to a solicitation for offers, Standard Form 30 shall be used.

§ 18–16.103 Amendment of Solicitation/Modification of Contract (Standard Form 30).

(a) *General.* This section prescribes a single form for (1) amendment of solicitations (whether advertised or negotiated), and (2) modification of contracts (including purchase and delivery orders entered into on Standard Form 147 and NASA Form 1379). NASA Form 1379B may be used under the circumstances set forth in § 18–3.608–4. Use of Standard Form 30 is also required for amendment of solicitation for the procurement of construction.

(b) *Conditions for use.* This form shall be used for:

(1) Any amendment to a solicitation;

(2) Any change order issued pursuant to the Changes clause of a contract;

(3) Any other unilateral contract modification (see § 18–1.205), except notices of termination (see § 18–16.701), issued pursuant to a contract provision authorizing such modification without the consent of the contractor;

(4) Administrative changes such as the correction of typographical mistakes, changes in the paying office and changes in accounting and appropriation data; and

(5) Supplemental agreements as defined in § 18–1.232.

(c) *Continuation of amendments/modifications.* Standard Form 36 or a blank sheet of paper may be used for continuation of amendments/modifications (see § 18–16.101–2(d)).

(d) *Modification of construction contracts.* When used to modify a contract for construction, Standard Form 30 may be altered to provide for the contractor's written acknowledgement of the change orders. (See § 18–16.815 for instructions relative to modifying a contract for construction.)

§ 18–16.104 Instructions for preparation of forms for advertised and negotiated supply and services contracts (Standard Forms 33, 26, and 30).

§ 18–16.104–1 Solicitation, offer, and award (Standard Form 33).

Instructions for block entries requiring clarification are as follows:

Block No.	Title and/or instructions
2	*Solicitation number.*—For Small Business Restricted Advertising and other types of restricted advertising, the box "Advertised (IFB)" shall be checked.
25	Although Small Business Restricted Advertising and other types of restricted advertising are to be treated as advertised procurements for the purpose of classification in Block 2, such procurements are negotiated procurements (see § 18–7.706–2), and require the insertion of the appropriate negotiation authority in Block 25.

§ 18–16.104–2 Award/Contract (Standard Form 26).

Instructions for block entries requiring clarification are as follows:

Block No.	Title and/or instructions
9	*Discount for prompt payment*—Percentages will be expressed in whole numbers and decimals; e.g., 3.25%—10 days, 0.50%—20 days.
11	*Ship to/Mark for*—Multiple delivery points shall be shown in the Schedule and this block annotated to that effect.
16	*Supplies/services*—When used as an acceptance, only the Item numbers of the solicitation need be set forth in the Schedule portion. Any modification made by the offeror to a solicitation which is accepted by the Government will be set forth in the Schedule.
22	If the form is being used as a negotiated bilateral contract pursuant to receipt of quotations on Request for Quotations (Standard Form 18) or informal means, and subsequent negotiations, if any, the box shall be checked and contractor shall be required to sign this document and return the prescribed number of copies to the issuing office.
26	If this form is being used as an acceptance (award) pursuant to receipt of a firm offer on Solicitation, Offer, and Award (Standard Form 33), the box shall be checked and contractor will not be required to sign this document.

§ 18–16.104–3 Amendment of Solicitation/Modification of Contract (Standard Form 30).

Instructions for block entries requiring clarification are as follows:

Block No.	Title and/or instructions
1	*Amendment/modification number.*—Amendment to each solicitation shall be numbered consecutively. Modifications to definitive contracts and letter contracts shall be numbered in accordance with §§ 18–50.302–5 and 18–50.302–6(b), respectively.

Block No.	Title and/or instructions
13	If the modification is a Change Order (11 (a)) or Administrative Change (11 (b)), the first box in this block shall be checked, and contractor's signature will not be required. If the modification is a Supplemental Agreement (11 (c)), contractor's signature will be required, the second box shall be checked and the number of copies to be returned to issuing office shall be inserted.
17	Contracting Officer's signature is not required when amending a solicitation.

Subpart 18–16.2—Additional Forms for Negotiated Procurements

§ 18–16.200 Scope of subpart.

This Subpart 18–16.2 prescribes additional forms for use, where appropriate in conjunction with negotiated procurements for supplies or services.

§ 18–16.201 Negotiated contract forms.

The forms described in this section are authorized for use in negotiated procurements. Instructions for their use are set forth below:

§ 18–16.201–1 Contracts not in excess of $2,500 (NASA Form 1379, Standard Forms 44 and 147).

(a) For negotiated purchases not in excess of $2,500, NASA Form 1379, Standard Forms 44 or 147 may be used as covered in the instructions in Subpart 18–3.6.

(b) Standard Form 44 (Purchase Order—Invoice—Voucher) is a small purchases form for transactions not in excess of $2,500 and is authorized for use in accordance with the instructions and limitations set forth in § 18–3.608–9. It is especially useful in over-the-counter transactions, purchases at isolated activities and purchases away from the procurement office. (See § 18–16.302.)

(c) Standard Form 147 (Order for Supplies or Services) is designed primarily for use when single delivery payment transactions involve amounts not in execss of $2,500 are contemplated. (See Subpart 18–3.6.) Standard Form 148 (Order for Supplies or Services Continuation Sheet) is authorized for use as required.

§ 18–16.201–2 Proposal and acceptance (NASA Forms 147, 1379).

NASA Form 147 will normally be used in negotiated supply contracts for standard or commercial type items unless a purchase order from (NASA Form 1379) is appropriate for use.

§ 18–16.201–3 General Provisions—Cost-Reimbursement Supply Contracts (NASA Form 418).

The General Provisions contained in NASA Form 418 shall be used in all cost-reimbursement supply contracts, together with Standard Form 26 (Award/Contract) (see § 18–16.102–2(d).)

§ 18–16.201–4 General Provisions—Fixed-Price Research and Development Contracts (NASA Form 247).

Except when NASA Form 246 is used, NASA Form 247 shall be used in all fixed-price research and development contracts, together with either Standard Form 26 (Award/Contract), or NASA Form 437 (Cover Page), a Schedule, and NASA Form 437–1 (Signature Page).

§ 18–16.201–5 General Provisions—Fixed-Price Research Contracts With Nonprofit Institutions—Short Form (NASA Form 246).

The General Provisions contained in NASA Form 246 are authorized for use in fixed-price contracts for basic or applied research with nonprofit institutions of higher education, or with nonprofit institutions whose primary purpose is the conduct of scientific research, when a short form is desired. Additional clauses may be added to or substituted for the clauses contained in NASA Form 246 in accordance with § 18–7.350–19. Standard Form 26 (Award/Contract), or NASA Form 437 (Cover Page), a Schedule, and NASA Form 437–1 (Signature Page) shall be used with NASA Form 246.

§ 18–16.201–6 General Provisions—Cost-Reimbursement Research and Development Contracts (NASA Form 417).

Except when NASA Form 419 is used pursuant to § 18–16.201–7, NASA Form 417 shall be used in cost-reimbursement type research and development contracts. Standard Form 26 (Award/Contract), or NASA Form 437 (Cover Page), a Schedule, and Standard Form 437–1 (Signature Page) shall be used with NASA Form 417.

§ 18–16.201–7 General Provisions—Cost-Reimbursement Research and Development Contracts With Educational or Nonprofit Institutions (NASA Form 419).

NASA Form 419 shall be used in cost-reimbursement type research and development contracts with educational or nonprofit institutions which involve no fee or profit, together with either Standard Form 26 (Award/Contract), or NASA Form 437 (Cover Page), a Schedule, and NASA Form 437–1 (Signature Page).

§ 18–16.201–8 General Provisions—Facilities Contracts (NASA Forms 746, 747, and 748).

(a) NASA Form 746 (General Provisions for Cost-Reimbursement Facilities Acquisition Contract) shall be used for the acquisition by the contractor on a cost-reimbursement basis of facilities for the account of the Government (see §§ 18–13.303–50 and 18–13.303–51).

(b) NASA Form 747 (General Provisions for Facilities Use Contract) provides for the use by the contractor of Government-owned facilities in those instances where no direct Government funding is applied (see §§ 13.303–50 and 18–13.303–51).

(c) NASA Form 748 (General Provisions for Cost-Reimbursement Consolidated Facilities Contract) shall be used as a combination of both the acquisition and use of facilities (see §§18–13.402, 18–13.303–50, and 18–13.303–51).

§ 18–16.202 Contract pricing proposal forms (DD Forms 633, 633–1, 633–2, 633–3, 633–4, and 633–5 (NASA Editions)).

§ 18–16.202–1 General.

(a) DD Forms 633, 633–1, 633–2, 633–3, 633–4, and 633–5 are designed for submission of cost or pricing data by prospective contractors. Contractor reproduction of these forms is authorized.

(b) DD Forms 783 (Royalty Report), is approved for use as the separate schedule required by footnote 14 of DD Form 633, footnote 5 of DD Form 633–3, footnote 4 of DD Form 633–4, and footnote 18 of DD Form 633–5.

§ 18–16.202–2 DD Form 633 (Contract Pricing Proposal).

The DD Form 633 or one of the special forms authorized in § 18–16.202–3 shall be used whenever contractor or subcontractor cost or pricing data (see § 18–3.807–3(e)) is required pursuant to § 18–3.807–3(a) and § 18–807–4: *Provided, however,* That the "Cost Elements" and the "Proposed Contract Estimate" may be presented in a different format, acceptable to the contracting officer, where the contractor's or subcontractor's accounting system makes the use of the prescribed format impracticable or when required for a more effective and efficient presentation of cost or pricing information: *And provided further,* That in such cases a signed DD Form 633 or one of the special forms is required to be submitted and fully accomplished as to all items except that the "Cost Elements" and the "Proposed Contract Estimate" may be accomplished by making reference to the contractor's format.

§ 18–16.202–3 DD Forms 633–1, 633–2, 633–3, 633–4, and 633–5.

The following forms may be used as appropriate:

(a) DD Form 633–1 (Contract Pricing Proposal (Technical Services));

(b) DD Form 633–2 (Contract Pricing Proposal (Technical Publications));

(c) DD Form 633–3 (Contract Pricing Proposal (Motion Pictures));

(d) DD Form 633–4 (Contract Pricing Proposal (Research and Development)); or

(e) DD Form 633–5 (Contract Pricing Proposal (Change Orders)).

§ 18–16.203 Cost and Price Analysis for Contract Price Redetermination (DD Form 784).

§ 18–16.203–1 General.

DD Form 784 (Cost and Price Analysis for Contract Price Redetermination) is designed to assure, to the fullest extent practicable, the uniform submission of cost data by contractors when such data are required for contract price redetermination. Contractor reproduction of the form is authorized.

§ 18–16.203–2 Conditions for use.

(a) DD Form 784 shall be prepared by the contractor for the submission of cost information required for contract price redetermination except in those instances where the contractor and the contracting officer have agreed upon an alternate method of cost analysis presentation. Any alternate method used shall include, to the maximum degree possible, the information called for by DD Form 784. During the negotiation which may result in a redeterminable or incentive type contract, the contractor shall be advised

of the requirement for the use of DD Form 784 or the alternate method and this requirement shall be contained in the contract.

(b) DD Form 783 (Royalty Report (Foreign and Domestic)) is approved for use as the separate schedule required by paragraph (p) of Specific Instructions of DD Form 784.

§ 18–16.204 Justification for Negotiation (NASA Form 543).

NASA Form 543 shall be submitted with proposed determination and findings when a determination is required to be made at NASA Headquarters (see § 18–3.306–1).

Subpart 18–16.3—Purchase and Delivery Order Forms

§ 18–16.300 Scope of subpart.

This Subpart 18–16.3 prescribes forms for use when purchases are authorized or required to be made by the purchase order or imprest fund method, and as delivery orders.

§ 18–16.301 Receipt for Cash—Subvoucher (Standard Form 1165).

Standard Form 1165 may be used in connection with procurement by the imprest fund (petty cash) method in accordance with § 18–3.607–4(d).

§ 18–16.302 Purchase Order Forms (Standard Forms 44, 147; NASA Form 1379).

(a) Standard Form 44 (Purchase Order—Invoice—Voucher) is authorized for use to accomplish small purchases in accordance with § 18–3.608–9.

(b) Standard Form 147 (Order for Supplies or Services) and NASA Form 1379 (Order for Supplies or Services) are authorized for use as purchase orders for small purchases and as delivery orders for ordering and scheduling deliveries against an established contract. Full instructions on the use of these forms are contained in Subpart 18–3.6.

Subpart 18–16.4—Forms for Construction Contracts

§ 18–16.400 Scope of subpart.

This Subpart 18–16.4 prescribes forms for use in construction contracts, where the work is to be performed in the United States, its possessions, or Puerto Rico. Construction contracts are defined for the purposes of this subpart as contracts for the construction, alteration, or repair (including dredging, excavating, painting, and decorating) of buildings, bridges, roads, or other kinds of real property.

§ 18–16.401 Advertised construction contract forms.

§ 18–16.401–1 General.

The following forms are prescribed for use in formally advertised construction contracts where the work is to be performed in the United States, its possessions, or Puerto Rico:

(a) Standard Form 19—Invitation, Bid, and Award (Construction, Alteration, or Repair).

(b) Standard Form 19–A—Labor Standards Provisions—Applicable to Contracts in Excess of $2,000.

(c) Standard Form 19–B (December 1965 Edition)—Representations and Certifications (Construction Contract). Pending the publication of a new edition of Standard Form 19–B, the "Certification of Nonsegregated Facilities" prescribed in § 18–12.802–4(c) shall be made an additional provision of the form.

(d) Standard Form 20—Invitation for Bids (Construction Contract).

(e) Standard Form 21—Bid Form (Construction Contract).

(f) Standard Form 22—Instructions to Bidders (Construction Contract).

(g) Standard Form 23—Construction Contract.

(h) Standard Form 23–A—General Provisions (Construction Contract). Pending revision of Standard Form 23–A, the June 1964 edition shall be modified by:

(1) Deleting Clause 21, "Equal Opportunity Clause" and substituting in lieu thereof the clause prescribed in § 18–12.802–1;

(2) Deleting Clause 3, "Changes," and substituting the following clause:

CHANGES (MAY 1968)

(a) The Contracting Officer may, at any time, without notice to the sureties, by written order designated or indicated to be a change order, make any change in the work within the general scope of the contract, including but not limited to changes:

(i) In the specifications (including drawings and designs);

(ii) In the method or manner of performance of the work;

(iii) In the Government-furnished facilities, equipment, materials, services, or site; or

(iv) directing acceleration in the performance of the work.

(b) Any other written order or an oral order (which terms as used in this paragraph (b) shall include direction, instruction, interpretation, or determination) from the Contracting Officer, which causes any such change, shall be treated as a change order under this clause: *Provided*, That the Contractor gives the Contracting Officer written notice stating the date, circumstances, and source of the order and that the Contractor regards the order as a change order.

(c) Except as herein provided, no order, statement, or conduct of the Contracting Officer shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment hereunder.

(d) If any change under this clause causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work under this contract, whether or not changed by any order, an equitable adjustment shall be made and the contract modified in writing accordingly: *Provided, however*, That except for claims based on defective specifications, no claim for any change under (b) above shall be allowed for any costs incurred more than 20 days before the Contractor gives written notice as therein required: *And provided further*, That in the case of defective specifications for which the Government is responsible, the equitable adjustment shall include any increased cost reasonably incurred by the Contractor in attempting to comply with such defective specifications.

(e) If the Contractor intends to assert a claim for an equitable adjustment under this clause, he must, within 30 days after receipt of a written change order under (a) above or the furnishing of a written notice under (b) above, submit to the Contracting Officer a written statement setting forth the general nature and monetary extent of such claim, unless this period is extended by the Government. The statement of claim hereunder may be included in the notice under (b) above.

(f) No claim by the Contractor for an equitable adjustment hereunder shall be allowed if asserted after final payment under this contract.

(3) Deleting Clause 4, "Changed Conditions," and substituting the following clause:

DIFFERING SITE CONDITIONS (MAY 1968)

(a) The Contractor shall promptly, and before such conditions are disturbed, notify the Contracting Officer in writing of: (1) subsurface or latent physical conditions at the site differing materially from those indicated in this contract, or (2) unknown physical conditions at the site, of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in this contract. The Contracting Officer shall promptly investigate the conditions, and if he finds that such conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performance of any part of the work under this contract, whether or not changed as a result of such conditions, an equitable adjustment shall be made and the contract modified in writing accordingly.

(b) No claim of the Contractor under this clause shall be allowed unless the Contractor has given the notice required in (a) above: *Provided, however*, The time prescribed therefor may be extended by the Government.

(c) No claim by the Contractor for an equitable adjustment hereunder shall be allowed if asserted after final payment under this contract.

(4) Adding the following clause:

SUSPENSION OF WORK (MAY 1968)

(a) The Contracting Officer may order the Contractor in writing to suspend, delay, or interrupt all or any part of the work for such period of time as he may determine to be appropriate for the convenience of the Government.

(b) If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted by an act of the Contracting Officer in the administration of this contract, or by his failure to act within the time specified in this contract (or if no time is specified, within a reasonable time), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by such unreasonable suspension, delay, or interruption and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent (1) that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor or (2) for which an equitable adjustment is provided for or excluded under any other provision of this contract.

(c) No claim under this clause shall be allowed (1) for any costs incurred more than 20 days before the Contractor shall have notified the Contracting Officer in writing of the act or failure to act involved (but this requirement shall not apply as to a claim

resulting from a suspension order), and (2) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of such suspension, delay, or interruption, but not later than the date of final payment under the contract.

(i) NASA Form 604—Additional General Provisions to U.S. Standard Form 23–A.

(j) Standard Form 30—Amendment of Solicitation/Modification of Contract (see § 18–16.103).

(k) Continuation Sheet. There is no prescribed form of Continuation Sheet for construction contracts. A blank sheet, incorporating (1) the contract or invitation number, as appropriate; (2) page number and number of pages; and (3) name of bidder or contractor may be used for this purpose. Standard Form 36, Continuation Sheet (Supply Contract), shall not be used for construction contracts.

§ 18–16.401–2 Conditions for use.

(a) *Contracts estimated not to exceed $2,000.* Standard Forms 19 and 19–B shall be used for those contracts executed as a result of formal advertising. Standard Form 22 also may be used. Where it is indicated that the low bid may exceed $2,000, Standard Form 19–A should be attached, the specifications should include the appropriate wage rate determination, and the following language shall be inserted in the space provided in the bid portion of Standard Form 19 prior to the issuance of the invitation:

If this bid exceeds $2,000, the bidder shall furnish with his bid a bid guaranty in an amount equal to _____% of his bid; failure to submit the guaranty on time is cause for rejection of the bid. (July 1968)

When Standard Form 19 is used, progress payments may be made if the period of performance is greater than 1 month. However, if the period of performance is less than 1 month or the total contract amount does not warrant progress payments, a single payment may be made, in which case the contracting officer may indicate completion and final acceptance of the contract work by a stamped and signed statement to that effect on the face of the standard form and forwarding it to the financial management or fiscal officer for payment. The following statement may be used for this purpose:

I certify that the work and services furnished hereunder have been completed, inspected, and accepted as conforming to the contract requirements, and the amount is correct and proper for payment.

(Signature and Title of Certifying Officer)

(b) *Contracts estimated to exceed $2,000 but not to exceed $10,000.* Standard Forms 19, 19–A and 19–B shall be used for these construction contracts executed as a result of formal advertising. Standard Form 22 also may be used. The additional language set forth in paragraph (a) of this section shall be inserted in the bid portion of Standard Form 19 prior to issuance of the invitation.

(c) *Contracts estimated to exceed $10,000.* Standard Forms 19–A, 19–B, 20, 21, 22, 23, and 23–A shall be used for these construction contracts executed as a result of formal advertising. NASA Form 604 shall be used to supplement Standard Form 23–A. Strict compliance with the following instructions is required.

(1) *Standard Form 19–A.* This form shall be attached to the contract file.

(2) *Standard Form 19–B.* This form shall be completed by the bidder and shall be attached to the contract file.

(3) *Standard Form 20 (Invitation for Bids).* All invitations for bids shall allow sufficient bidding time (i.e., the period of time between the date of distribution of an invitation for bids and the date set for opening of bids) to allow bidders an adequate opportunity to prepare and submit their bids, giving due regard for the construction season, the time necessary for bidders to inspect the site, obtain subcontract bids, examine data concerning the work, and prepare estimates from plans and specifications. This form shall be completed by inserting the appropriate data on the face of the form (see §§ 18–2.201–1(a) and 18–2.201–2).

(4) *Standard Form 21 (Bid Form).* This form shall be furnished to all bidders with the invitation for bids. If the work is divided into separate schedules a bidding schedule showing a breakdown for each such separate schedule should be attached to the invitation for bids and a statement referring thereto made on Standard Form 21.

BIDDING SCHEDULE

(To be attached to bid form when required by the Invitation for Bids)

Item No.	Description	Estimated quantity	Unit	Unit price	Estimated amount

(The following paragraphs shall be printed on the last page of the bidding schedule immediately below the schedule.)

NOTE: Use additional page if necessary. All extensions of the unit prices shown will be subject to verification by the Government. In case of variation between the unit price and the extension, the unit price will be considered to be the bid.

If a modification to a bid based on unit prices is submitted, which provides for a lump sum adjustment to the total estimated cost, the application of the lump sum adjustment to each unit price in the bid schedule must be stated. If it is not stated, the bidder agrees that the lump sum adjustment shall be applied on a pro rata basis to every unit price in the bid schedule.

(5) *Standard Form 22 (Instructions to Bidders).* A copy of this form should accompany each invitation for bids for the information of bidders.

(6) *Standard Form 23 (Construction Contract).* A copy of this form should be furnished bidders with the invitation for bids for information. The form shall be completed after award to the acceptable bidder and executed by the parties as the formal contract instrument.

(7) *Standard Form 23–A (General Provisions).* NASA Form 604 (Additional General Provisions to U.S. Standard Form 23–A) shall be used in conjunction with this form. Standard Form 23–A and NASA Form 604, together with any other special terms or additional contract provisions included on additional sheets, shall be attached to the executed contract.

(8) *Specifications.* Specifications consisting of technical and special provisions pertinent to the particular contract and contract drawings shall, together with the above forms, complete the contract.

§ 18–16.401–3 Terms, conditions, and provisions.

(a) The use of additional contract provisions consistent with those contained in the above forms is authorized, and, where required elsewhere in this chapter, the use of such additional provisions is mandatory. NASA Form 604 shall be used to supplement Standard Form 23–A. The NASA "New Technology" and "Property Rights in Inventions" clauses shall be used as additional required clauses under the circumstances set forth in §§ 18–9.101–2 and 18–9.101–5.

(b) Changes or additional provisions inconsistent with those contained in the standard forms shall be incorporated when required by this chapter, and may be incorporated when authorized by this chapter, or when approved pursuant to § 18–1.109. A copy of such approval pursuant to § 18–1.109–2 shall be forwarded by the Procurement Office, NASA Headquarters to the General Services Administration.

(c) The provisions of paragraphs (a) and (b) of this section shall not be construed to authorize the reinstatement in Standard Form 19 of clauses which appear in Standard Form 23–A and which have either been condensed or omitted in the development of Standard Form 19 in the interests of simplification and uniformity. Where such reinstatement is deemed essential, the matter shall be handled as a deviation as provided in § 18–1.109. Deviations are not required for use with Standard Form 19 of clauses which, although not properly a part of Standard Form 23–A, may accompany it when printed for use within NASA.

(d) The "Disputes" clause of Standard Form 19, may be altered by inserting in the Schedule or in the Specifications, the following:

Alterations. As used in the "Disputes" clause of the General Provisions, "head of the Federal Agency" means the "Administrator, NASA." (May 1965)

(e) During a period of national emergency, paragraph (d)(1) of the "Termination for Default—Damages for Delay—Time Extensions" clause of Standard Form 23–A may be changed by deleting

the words "unforeseeable causes" in the two places where they appear in the first sentence and substituting therefor the words "causes, other than normal weather."

(f) Deletion or modification of provisions in the above forms shall be accomplished in the "Alterations" paragraph or Standard Form 23, or in an "Alterations" paragraph added in the Schedule of Standard Form 19, or in the Specifications, as may be appropriate.

§ 18–16.402 Negotiated construction contract forms.

§ 18–16.402–1 General.

Except for Standard Form 30 (see §§ 18–16.103 and 18–16.815), use of the forms prescribed in § 18–16.401 is optional for negotiated construction contracts. When used for negotiated contracts, the forms shall be adapted by lining out or obliterating the words "sealed" and "publicly opened" and adding language to (1) indicate the authority for negotiation, and (2) provide that wherever the words "invitation" and "bid" occur they shall be deemed to refer to "solicitation" and "offer", respectively. The box immediately below the title of Standard Form 19, beside the phrase "check if small business set-aside or other negotiated procurement," must be checked when that form is used for negotiated contracts. The appropriate clauses required for negotiated contracts shall be added to the contract forms. For example, whenever Standard Form 23 is used, the "Examination of Records" clause (§ 18–7.104–15) must be added if the negotiated contract exceeds $2,500. In negotiated fixed-price contracts in excess of $10,000 where the contracting officer is not satisfied that the contract price, by virtue of competition or otherwise, excludes contingencies for State and local taxes, Clause 29 of NASA Form 604, entitled "Federal, State and Local Taxes", shall be deleted and the clause set forth in § 18–11.401–2(d) shall be substituted therefor.

§ 18–16.402–2 Contracts not to exceed $2,000.

Standard Form 19, with the appropriate changes indicated in § 18–16.402–1, NASA Form 1379, or Standard Form 147 shall be used for construction contracts of $2,000 or less executed as a result of negotiation.

Subpart 18–16.5—Special Contract and Order Forms

§ 18–16.500 Scope of subpart.

This Subpart 18–16.5 prescribes special forms for procuring certain supplies and services.

§ 18–16.501 Negotiated utility service contract forms.

This section prescribes the contract forms to be used for utility service contracts negotiated pursuant to the policy and procedures set forth in Subpart 18–4.50, of this chapter, except where such services are procured under GSA area-wide public utility contracts as provided in Subpart 18–5.8, of this chapter.

§ 18–16.501–50 NASA Form 550, Negotiated Utility Service Contract, NASA Form 550A, General Provisions for Negotiated Utility Service Contract, and NASA Form 550B, Signature Page.

(a) *Required forms.* NASA Form 550 (Negotiated Utility Service Contract) shall be used in all negotiated utility service contracts, except those for which NASA Form 550S (Negotiated Utility Service Contract—Short Form) is used, as authorized by § 18–16.501–51(a), together with NASA Form 550A (General Provisions) and NASA Form 550B (Signature Page).

(b) *Instructions for completion of form.* The required information to be inserted in the various blanks on the first page is self-explanatory, except for the following:

(1) *Term of contract.* The term of the contract shall not exceed 12 months (see also § 18–7.5003–1).

(2) *Service location.* The information to be inserted in the blank designating the service location should consist of the name of the installation to which service is to be furnished, and, as appropriate, any further designation; for example, "Plum Brook Facility," "Area B," or "Building 434."

§ 18–16.501–51 NASA Form 550S, Negotiated Utility Service Contract (Short Form).

(a) *Optional form.* NASA Form 550S (Negotiated Utility Service Contract—Short Form) may be used, without any alteration, addition, or deviation whatsoever, for a negotiated utility service contract, whenever all the following conditions exist:

(1) The utility service is taken under an established rate schedule approved by a Federal, State, or other public regulatory body;

(2) The annual cost of the utility service to be procured is 2,500 or less;

(3) No connection, termination, installation, or similar charge, except a meter deposit (or a membership fee in the case of a cooperative) required of all customers, is involved; and

(4) The supplier requires or requests the execution of a contract or application form, and/or it is deemed advantageous to the Government to negotiate and execute a contract.

(b) *Instructions for completion of form.* The required information to be inserted in the various blanks in the first page is self-explanatory, except for the following:

(1) The information to be inserted in the blank designating the service location should consist of the name of the installation to which service is to be furnished, and, as appropriate, any further designation; for example, "Plum Brook Facility," "Area B," or "Building 434."

(2) The number or other identification of the contractor's applicable rate schedule should be inserted in the blank after the words "Rate Schedule."

(3) A description of the service to be rendered should be set forth in the last blank (see NASA Forms 550A–1 through 5 and § 18–16.501–52(b)).

§ 18–16.501–52 Appendices to contract forms.

(a) *Appendix A, rate schedule.* Appendix A, the rate schedule applicable to the contract, shall consist of:

(1) The printed or otherwise published rate schedule of the contractor which has been approved or established by a Federal, State, or other regulatory body; or

(2) The rate schedule negotiated between the contractor and the Government. In either event the rate schedule shall bear the legend "Appendix A, attached to and made a part of Contract No. ____," and be entitled "Rate Schedule." Each page shall indicate its numerical order in the total number of pages comprising Appendix A, as, for example, "page 1 of 3." In addition to setting forth the rate applicable to the contract, Appendix A shall include, where applicable, any rules or regulations (whether established by the regulatory body, the contractor, or by negotiation between the contractor and the Government), which pertain to the Rate Schedule. Appendix A may provide for payment to the contractor of a nonrecurring, nonrefundable fee of not more than $1,000 to cover the costs of connecting the contractor's facilities to, and disconnecting them from, the Government's facilities, whenever the contract period is less than 6 months. In all instances where a connection charge, other than the fee described above, is involved, the "Connection Charge" clause (§ 18–7.5003–3) and Appendix C (§ 18–16.501–52(c)) shall be included in the contract.

(b) *Appendix B, service specifications.* Appendix B, the service specifications applicable to the contract, shall consist of:

(1) NASA Form 550A–1 (Electric Service Specifications), NASA Form 550A–2 (Gas Service Specifications), NASA Form 550A–3 (Water Service Specifications), NASA Form 550A–4 (Steam Service Specifications), NASA Form 550A–5 (Sewage Service Specifications), whichever is applicable, appropriately completed; or

(2) A specially drafted attachment to the contract bearing the legend "Appendix B, attached to and made a part of Contract No. _____," and the title of the appropriate service specifications.

Each page shall indicate its numerical order in the total number of pages comprising Appendix B, as, for example, "page 1 of 3." Such appendix shall set forth as a minimum:

(i) The premises to be served;

(ii) An estimate of the service requirements;

(iii) The point of delivery to the Government;

(iv) A description of the service;

(v) A statement of how the service is to be measured for purposes of billing;

(vi) The quality of service to be rendered; and

(vii) A statement of the capacity and flow of the service.

(c) *Appendix C, connection charge schedule.* Appendix C, the schedule required whenever the contract includes the connection charge clause prescribed by § 18–7.5003–3 or the termination charge clause prescribed by § 18–7.5003–4, shall bear the legend "Appendix C, attached to and made a part of Contract No. _____," and be entitled "Connection Charge Schedule." Each page shall indicate its numerical order in the total number of pages comprising Appendix C, as, for example, "page 1 of 3." The appendix shall set forth as a minimum:

(1) A detailed description of the new facilities to be furnished by the contractor; and

(2) The agreed salvage value of such facilities.

§ 18–16.501–53 Contents of a negotiated utility service contract.

(a) *Contract using NASA Form 550.* Any contract for which § 18–16.501–50(a) prescribes the use of NASA Form 550 shall consist of:

(1) NASA Form 550, together with any alterations and/or additions thereto (i) required by § 18–7.5001 and § 18–7.5002, (ii) authorized by § 18–7.5003, or (iii) approved by the Director of Procurement, pursuant to § 18–4.5006(d);

(2) An Appendix A, Rate Schedule (see § 18–16.501–52(a));

(3) An Appendix B, Service Specifications (see § 18–16.501–52(b)); and

(4) An Appendix C, Connection Charge Schedule (see §§ 18–16.501–52(c) and 18–7.5003–3).

(b) *Contract using NASA Form 550S.* Any contract for which § 18–16.501–51(a) allows the use of NASA Form 550S shall consist of:

(1) NASA Form 550S without any alteration, addition, or deviation whatsoever; and

(2) An Appendix A, which will be the established rate schedule of the contractor applicable to the contract and the rules and regulations pertaining thereto.

§ 18–16.501–54 Terms, conditions, and provisions.

Detailed instructions for use of the clauses contained in NASA Form 55A are set forth in Subpart 18–7.50, of this chapter.

Subpart 18–16.6—Forms for Coordinated Procurement

§ 18–16.600 Scope of subpart.

This subpart 18–16.6 prescribes forms to be used for the procurement of supplies or services by NASA from or through the Military Departments.

§ 18–16.601 NASA-Defense Purchase Request (NASA Form 523).

NASA-Defense Purchase Request (NASA Form 523) shall be used by NASA procurement offices for requesting procurement of supplies or services from all activities of the Military Departments, in accordance with § 18–5.1002.

§ 18–16.602 Acceptance of NASA-Defense purchase request.

Acceptance by the procuring department of NASA's request for supplies or services (NASA Form 523) shall be made on a DD Form 448–2, Acceptance of MIPR Form (see § 18–5.1002–3).

§ 18–16.603 Payments (Standard Form 1080).

Standard Form 1080, Voucher for Transfer Between Appropriations and/or Funds, shall be used in connection with payments to the Military Departments for supplies and services furnished to or procured for NASA (see § 18–5.1005).

Subpart 18–16.7—Contract Termination Forms

§ 18–16.700 Scope of subpart.

This Subpart 18–16.7 prescribes forms for use in connection with terminated contracts (see Part 18–8).

§ 18–16.701 Notices of termination.

There are no specific forms prescribed for use in issuing termination notices. However, § 18–8.801 sets forth texts of telegraphic and letter notices of termination which may be used.

§ 18–16.702 Settlement proposal forms.

Although the forms prescribed below are designed for use by prime contractors, they are equally suitable for use by subcontractors.

§ 18–16.702–1 Settlement Proposal—Inventory Basis (DD Form 540).

DD Form 540 is prescribed for use by contractors in presenting claims resulting from the termination of fixed-price contracts when such claims are computed on the inventory basis.

§ 18–16.702–2 Settlement Proposal—Total Cost Basis (DD Form 541).

DD Form 541 is prescribed for use by contractors in presenting claims resulting from the termination of either fixed-price or cost-reimbursement type contracts when such claims are computed on the total cost basis.

§ 18–16.702–3 Settlement Proposal for Cost-Reimbursement Type Contracts (DD Form 547).

DD Form 547 is prescribed for use by contractors in submitting claims resulting from the termination of cost-reimbursement type contracts.

§ 18–16.702–4 Settlement Proposal—Short Form (DD Form 831).

DD Form 831 is authorized for use by contractors in submitting claims resulting from the termination of fixed-price contracts when the total claim is less than $2,500.

§ 18–16.702–5 Inventory Schedules (DD Forms 542, 543, 544, 545, and 832).

The DD Form 832 (Termination Inventory Schedule E—Short Form) is prescribed for use by contractors to support settlement proposals submitted on DD Form 831. For other inventory schedule forms to support settlement proposals submitted on DD Forms 540, 541, and 547, see § 18–16.818.

§ 18–16.702–6 Schedule of Accounting Information (DD Form 546).

DD Form 546 is prescribed for use by contractors in connection with settlement proposals (see § 18–8.307–1(e)).

§ 18–16.703 Application for Partial Payment (DD Form 548).

DD Form 548 is prescribed for use by contractors when applying for partial payments (see § 18–8.213–1).

§ 18–16.705 Forms of settlement agreements.

Use of Standard Form 30 (Amendment of Solicitation/Modification of Contract) is prescribed in § 18–8.210–1 for termination settlement agreements. Appropriate texts are set forth in § 18–8.805.

§ 18–16.706 Instructions for Use of Termination Forms (DD Form 1114, NASA Edition).

DD Form 1114, NASA Edition consists of instructions for the use of contract termination settlement and inventory schedule forms.

§ 18–16.750 Instructions In Preparing Inventory Schedules of Contractor Inventory (DD ASPR Form 1115, NASA Edition).

DD ASPR Form 1115, NASA Edition consists of instructions for preparation of inventory schedules DD Forms 542, 543, 544, 545, and 832.

§ 18–16.751 Contract Termination Status Report (DD Form 1598).

DD Form 1598 is prescribed for use in reporting status of all fixed-price contracts terminated for the convenience of the Government and all terminated cost-reimbursement type contracts. Reference to the "ASBCA" on the form should be changed to read "NASABCA".

§ 18–16.752 Termination Authority (NASA Form 1412).

NASA Form 1412 is prescribed for use when initiating action to terminate a contract for either convenience of the Government or for default of the contractor.

§ 18–16.753 Termination Docket Checklist (NASA Form 1413).

NASA Form 1413 is prescribed for use as a checklist to ensure adequacy of records pursuant to § 18–8.206–3.

Subpart 18–16.8—Miscellaneous Forms

§ 18–16.800 Scope of subpart.

This Subpart 18–16.8 prescribes certain miscellaneous forms authorized for use in connection with the procurement of supplies and services.

§ 18–16.802 Statement of Contingent Fees (Standard Form 119).

Standard Form 119 is prescribed for use in accordance with § 18–1.507 through § 18–1.509 and § 18–1.550.

§ 18–16.803 Compliance with labor laws, regulations, and clauses.

§ 18–16.803–1 Construction Contracts (DB 11, Standard Form 1093, CB 16–19).

(a) Department of Labor Form DB 11, Request for Determination, shall be used in accordance with the provisions of § 18–12.404–2.

(b) Standard Form 1093, Schedule of Withholdings Under the Davis-Bacon Act, shall be used in accordance with the provisions of § 18–12.404–9.

(c) Census Bureau Form 16–19, Construction Contract Award Notification, shall be used for reporting construction contract awards in accordance with the provisions of § 18–12.404–13.

§ 18–16.803–2 Supply Contracts (PC–13, PC–16, Standard Form 99).

(a) Department of Labor Form PC–13, combination of Letter-Poster, shall be furnished to the contractor in accordance with § 18–12.604.

(b) Department of Labor Form PC–16 shall be furnished to the contractor in accordance with § 18–12.604.

(c) Standard Form 99, Notice of Award of Contract, shall be used in accordance with the provisions of § 18–12.604.

§ 18–16.803–4 Employer Information Report EEO–1 (Standard Form 100).

Standard Form 100 shall be used in accordance with the provisions of § 18–12.806–4.

§ 18–16.804 U.S. Tax Exemption Certificate (Standard Form 1094).

(a) The U.S. Tax Exemption Certificate, Standard Form 1094, shall be used as prescribed in § 18–11.502–1.

(b) Treasury Department Form 1444 (Alcohol for Use of United States) and Treasury Department Form 1486 (Specially Denatured Alcohol for Use of United States) shall be used in accordance with the provisions of § 18–11.250.

§ 18–16.805 Bond forms.

The bond forms listed below are available for use in accordance with the provisions of Part 18–10.

(a) Bid Bond (Standard Form 24).

(b) Annual Bid Bond (Standard Form 34).

(c) Performance Bond (Standard Form 25).

(d) Payment Bond (Standard Form 25–A).

(e) Continuation Sheet (Standard Form 25–B) (For Standard Forms 24, 25, 25–A).

(f) Affidavit of Individual Surety (Standard Form 28).

(g) Annual Performance Bond (Standard Form 35).

§ 18–16.810 Bidders Mailing List Application (Standard Form 129).

§ 18–16.810–1 General.

Standard Form 129, Bidders Mailing List Application shall be used in connection with the establishment and maintenance of bidders lists as prescribed by § 18–2.205.

§ 18–16.810–2 Conditions for use.

The application shall be submitted and signed by the supplier (the manufacturer or regular dealer), as distinguished from an agent of the supplier. However, suppliers are not precluded from designating on Standard Form 129 their agents to receive invitations for bids and requests for proposals.

§ 18–16.811 Security Requirements (DD Forms 441 and 254).

§ 18–16.811–1 Security agreement.

DD Form 441, Security Agreement, is authorized for use in connection with the requirements of §§ 18–7.104–12, 18–7.204–12, and 18–7.451.24.

§ 18–16.811–2 Security requirements checklist.

DD Form 254, Security Required by the "Security Requirements" clause (see §§ 18–7.104–12, 18–7.204–12, and 18–7.451–24), which is included in all contracts classified "Confidential" or higher and in other contracts the performance of which may require access to classified information or material. Instructions for preparation are included in the form.

§ 18–16.812 Release and Assignment Forms (NASA Forms 778, 779, 780, and 781).

The forms identified below are approved for use in complying with the release and assignment provisions of paragraph (f) of the allowable cost clause of a cost-reimbursement type contract (see §§ 18–7.203–4, 18–7.402–3, and 18–7.451–3).

(a) Contractor's Release (NASA Form 778);

(b) Assignee's Release (NASA Form 779);

(c) Contractor's Assignment of Refunds, Rebates, Credits, and Other Amounts (NASA Form 780); and

(d) Assignee's Assignment of Refunds, Rebates, Credits, and Other Amounts (NASA Form 781).

Forms differing from the above approved forms may be used if the contracting officer determines that such forms meet the applicable requirements of the clause.

§ 18–16.814 Architect-Engineer Questionnaire Form (Standard Form 251).

U.S. Government Architect-Engineer Questionnaire (Standard Form 251) may be used in accordance with the provisions of § 18–4.203–2(a)(1). This form is designed to assure the uniform submission of experience and organizational data by architect-engineer firms.

§ 18–16.815 Contract modification forms.

(Standard Forms 30 and 36).

§ 18–16.815–1 Modifications pursuant to provisions of contract.

Modifications affecting the price or time for performance of a construction contract may be made pursuant to the "Changes", "Changed Conditions" and "Termination for Default—Damages for Delay-Time Extensions" clauses of the contract and shall be accomplished on Standard Form 30. Although such modifications may be issued unilaterally by the contracting officer, usually an agreement with the contractor is obtained prior to the issuance of the formal contract modification. The reason for the proposed modification should be stated e.g., reasons for changes, existence of changed conditions, causes of delay and excusability. If the modification is pursuant to the "Changes" clause, the details of the change should be set forth. If the time of performance is increased or decreased, the extension or decrease should be stated definitely or a statement made that the time for performance remains unchanged. If the contract price is increased or decreased the increase or decrease should be stated definitely or a statement made that the contract price remains unchanged. The contractor should be requested to indicate his acceptance on Standard Form 30. (See § 18–16.103.)

§ 18–16.815–2 Supplemental agreements.

Amendments of Solicitation/Modification of Contract (Standard Form 30) shall be used to formalize contract modifications providing for work not within the scope of the contract except that provision shall be made for consent of surety in accordance with the format set forth in § 18–10.111. See § 18–16.103.)

§ 18–16.815–3 Continuation of modifications.

Standard Form 36 or blank sheet(s) of paper may be used for continuation of modifications (see § 18–16.101–2(d)).

§ 18–16.816 Identical Bid Report for Procurement (DJ 1500).

DJ 1500, Identical Bid Report for Procurement, shall be used in reporting identical bids in accordance with the requirements of § 18–1.114.

§ 18–16.818 Inventory Schedules (DD Forms 542, 543, 544, and 545).

The following forms are prescribed for use by contractors to report contractor inventory for disposition and to support settlement proposals submitted on DD Forms 540, 541, or 547:

(a) DD Form 542 (Inventory Schedule A—Metals in Mill Product Form) and DD Form 542c (Continuation Sheet);

(b) DD Form 543 (Inventory Schedule B—Raw Materials) and DD Form 543c (Continuation Sheet);

(c) DD Form 544 (Inventory Schedule C—Work in Process) and DD Form 544c (Continuation Sheet); and

(d) DD Form 545 (Inventory Schedule D—Dies, Jigs, Fixtures, etc., and Special Tools) and DD Form 545c (Continuation Sheet).

§ 18–16.850 NASA Small Business Subcontracting Program Quarterly Report of Particiapating Large Company on Subcontract Commitments to Small Business Concerns (NASA Form 524).

NASA Form 524, NASA Small Business Subcontracting Program Quarterly Report of Participating Large Company on Subcontracting Commitments to Small Business Concerns, shall be used for the submission of reports by all NASA contractors who participate in the NASA Subcontracting Small Business Program as required by § 18–1.707–5. Instructions for its use are printed on the form.

§ 18–16.851 Preaward Survey of Prospective Contractor (DD Form 1524).

DD Form 1524, Preaward Survey, shall be used in accordance with instructions contained in Subpart 18–1.19.

§ 18–16.852 Procurement Request (NASA Form 404).

NASA Form 404, Procurement Request, shall be used for initiating procurements in accordance with § 18–1.356 and NASA Management Instruction 5101.12, "Policy and Procedures Concerning Procurement Requests."

§ 18–16.853 Checklist for Contract File Content (NASA Form 1098).

NASA Form 1098, Checklist for Contract File Content shall be used in accordance with instructions set forth in § 18–50.106 when requesting approval of a contract or supplemental agreement by NASA Headquarters.

§ 18–16.854 Request for Contractor Clearance (NASA Form 446).

NASA Form 446, Request for Contractor Clearance, shall be used in accordance with NASA Management Instruction 1650.1, if the proposed procurement will involve access to classified information.

§ 18–16.856 Contractor Financial Management Report (NASA Form 533 and 534 Series of Reports).

(a) The NASA Form 533 series of reports is designed for contractors to use in submitting, at required intervals, their financial and manpower experience and projections. The basic policy, procedures and instructions for the preparation and submission of the reports are set forth in NASA Management Instruction 9501.1, "Contractor Financial Management Reporting Systems" and in the NASA Handbook "Procedures for Reporting Cost Information from Contractors" (NHB 9501.2) and on the reverse side of the forms.

(b) The NASA Form 534 series of reports is designed for contractors to use in submitting, normally on an annual basis, special cost study reports. The basic policy, procedures and instructions for the preparation and submission of the reports are set forth in NASA Management Instruction 9501.1 and in the NASA Handbook "Procedures for Reporting Cost Information from Contractors" (NHB 9501.2) and on the reverse side of the forms.

§ 18–16.857 Bills of Material (DD Forms 346 and 347).

DD Form 346, Raw (Basic Processed) and Semifabricated Stock Form, and DD Form 347, Bill of Materials for Subcontracted Parts—Purchased Parts—Government-Furnished Property, are authorized for use to describe the materials required for furnishing the supplies to be delivered under contract, in accordance with § 18–7.105–6.

§ 18–16.859 Letter contracts.

§ 18–16.859–1 General.

This section prescribes the forms to be used in connection with letter contracts contemplating cost-reimbursement type or fixed-price type definitive contracts.

§ 18–16.859–2 Cost-reimbursement type letter contract.

The following forms are prescribed for use in letter contracts contemplating cost-reimbursement type definitive contracts:

(a) Cover Page—NASA Form 551;

(b) Letter of Transmittal—NASA Form 551–1;

(c) Schedule Format—NASA Form 551–2;

(d) General Provisions—NASA Form 551–3; and

(e) NASA Form 417 or 418, as appropriate, in accordance with the instructions contained in Article V of the Schedule Format—NASA Form 551–2. In addition, the prescribed clauses set forth in NASA Form 417 or 418 shall be modified or deleted and additional clauses, applicable to the kinds of such contracts for which such forms were designed, shall be included in the contracts as required or authorized by §§ 18–7.402 through 18–7.404, or §§ 18–7.203 through 18–7.205, respectively. Also, see instructions contained in Article Vb. of the Schedule Format—NASA Form 551–2.

§ 18–16.859–3 Fixed-price type letter contract.

The following forms are prescribed for use in letter contracts contemplating fixed-price type definitive contracts:

(a) Cover Page—NASA Form 551;

(b) Letter of Transmittal—NASA Form 551–1;

(c) Schedule Format—NASA Form 551–2;

(d) General Provisions—NASA Form 551–3, except that Clause 5, "Termination," shall be deleted and the "Termination" clause set forth in § 18–8.701–1 shall be substituted therefor; and

(e) NASA Form 247, or Standard Form 32 and NASA Form 250, as appropriate, in accordance with the instructions contained in Article V of the Schedule Format—NASA Form 551–2. In addition, the prescribed clauses set forth in NASA Form 247, Standard Form 32, or NASA Form 250 shall be modified or deleted and additional clauses, applicable to the kinds of such contracts for which such forms were designed, shall be included in the contract as required or authorized by §§ 18–7.302 through 18–7.304, or §§ 18–7.103 through 18–7.109, respectively. Also, see instructions contained in Article Vb. of the Schedule Format.

§ 18–16.859–4 Letter contract forms.

(a) *Format Cover Page for Letter Contracts (NASA Form 551, April 1962).*

Contract No. _____

LETTER CONTRACT

BETWEEN

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

AND

_____

(Contractor)

Contract for: _____
Installation: _____
Office to Make Payment: _____ is designated as the office to make payments, if any, in accordance with this contract. The sums to be expended by the Government hereunder are chargeable to the following appropriations, the available balances of which are sufficient to cover the same:
The office having overall administrative responsibility for this contract is: _____
Purchase Request No.: _____
Negotiator: _____
Priority Rating _____ is certified for national defense use under DMS Regulation No. 1.
Program: _____
This instrument has been negotiated pursuant to 10 U.S.C. 2304(a)( ).

(b) *Format Letter of Transmittal for Letter Contracts (NASA Form 551–1, April 1962).*

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Date: _____

Letter Contract
Contract No.: _____

To: _____

Gentlemen:

1. This letter, when accepted by you, will constitute a Letter Contract bearing the contract number above indicated, whereby you, as Contractor, agree to furnish to the Government the supplies or services set forth in the attached Contract Schedule in accordance with the terms, conditions, and administrative provisions set forth in the Schedule and in the current edition of the NASA Forms identified in the Enclosures listed below, and such NASA Forms, if any, as are referenced therein, all of which are attached hereto and made a part hereof. This letter, Schedule, and the Forms are submitted to you in quadruplicate.

2. If you agree to the terms set forth in the attached Schedule and in the NASA Forms listed in the Enclosures, please indicate your acceptance by signing the original

and two copies of this Letter in the place provided in the lower left corner and return the executed copies to the Contracting Officer who signed this letter on behalf of the United States.

3. It is understood by your acceptance hereof that you will undertake, without delay, to enter into negotiations with the National Aeronautics and Space Administration looking to the execution of a definitive contract and to furnish all cost and price information requested by the Contracting Officer. The form and provisions of the definitive contract which the National Aeronautics and Space Administration intends to use as the basis for negotiation are set forth in the Schedule.

3 Enclosures:
1. Schedule—NASA Form 551–2.
2. NASA Form 551–3.
3. NASA Form _____.

THE UNITED STATES OF AMERICA

By _____

_____
(Contracting Officer)

(Local reproduction is authorized)

(c) *Schedule Format for Letter Contracts (NASA Form 551–2, September 1962).*

SCHEDULE FORMAT

Article I—Statement of work:

a. (Include a complete description of the supplies to be furnished or work to be done in the same detail as in a definitive contract.)

b. (Include all pertinent specifications or references thereto in the same detail as in a definitive contract.)

Article II—Delivery or performance schedule: (Self-explanatory, by state, by item, whether delivery will be f.o.b. origin or transportation prepaid to destination. If f.o.b. origin, include statement "for shipment _____ _____" on G.B.L.)

Article III—Consideration and payment:

a. The maximum amount for which the Government will be liable if this Letter Contract is terminated is $_____.

b. Contractor's invoices or vendor's shipping documents used as invoices shall be made out to the Office designated to make payment marked, "Attention: Fiscal Officer," and delivered to the Contracting Officer. Payment will be made as provided in the Payment clause of NASA Form 551–3, except as otherwise stated below:

c. (Set forth any prices or rates of payment which the Government and Contractor may have agreed to or which the Government is offering to pay for supplies to be delivered or services to be performed under this Letter Contract or for identified portions of such work or services.)

Article IV—Inspection and acceptance: (Name the place where inspection is to be made and specify details concerning inspection and acceptance in the same detail as in a definitive contract.)

Article V—Clauses incorporated:

a. There are incorporated by reference in this Letter Contract all the clauses contained in NASA Form _____ (_____) except for the following clauses, which are to be deleted for the purpose of this Letter Contract:

(i) (Where a fixed-price R&D contract is contemplated, insert NASA Form 247 and date of the current form in the blank above, and list as the clauses to be deleted "Payments" and "Termination for Convenience of the Government.")

(ii) (Where a fixed-price supply contract is contemplated, the reference in the blank above should be to Standard Form 32 and NASA Form 250 and dates of the current forms, and list as the clauses to be deleted "Payments" and "Termination for Convenience of the Government";) or

(iii) (Where a cost-reimbursement type contract is contemplated, insert NASA Form 417 or 418 and the date of the current form, as appropriate, in the blank above, and list as the clauses to be deleted "Limitation of Cost," "Allowable Cost, Fixed-Fee, and Payment," "Termination," and "Limitation on Withholding of Payments.")

b. (Identify and reference any other clause appropriate to the contract and attach such clause to the Schedule.)

Article VI—Definitive contract:

a. The definitive contract will be negotiated and executed on or before _____, unless such date is extended in writing by the Contracting Officer.

b. It is contemplated that the definitive contract will be negotiated on the basis of NASA Form _____ (_____) and such additional clauses as are appropriate to the subject matter of this contract. However, the parties are not hereby committed to the negotiation of this type of contract.

(Local reproduction is authorized)

(d) *General Provisions for Letter Contracts (NASA Form 551–3, 1962).*

GENERAL PROVISIONS FOR LETTER CONTRACTS

INDEX OF CLAUSES

1. Direction to Proceed.
2. Contract Clauses Incorporated.
3. Authority to Obligate Funds.
4. Payments.
5. Termination.

1. *Directions to proceed:* Except as otherwise expressly provided to the contrary in this Letter Contract, the Contractor is directed, upon his acceptance of this Letter Contract, to proceed immediately to procure the necessary materials, and to commence the manufacture of the supplies or performance of the services called for herein, and to pursue such work with all diligence to the end that the supplies or services called for under Article I of the Schedule will be delivered or performed in accordance with Article II of the Schedule and all other terms of this Letter Contract.

2. *Contract clauses incorporated:* The contract clauses set forth in the NASA contract form identified in the Schedule, subject to the alterations in such form shown in the Schedule, and including any other clauses referenced in the Schedule as applicable to this Letter Contract and attached to the Schedule, are hereby incorporated into this Letter Contract and made a part hereof.

3. *Authority to obligate funds:* The maximum amount for which the Government shall be liable if this contract is terminated is specified in the Schedule, and any expenditure or obligation by the Contractor in excess of that amount, in furtherance of performance hereunder, shall be at the Contractor's own risk.

4. *Payments:*

(a) If this Letter Contract is on a fixed-price basis, and is governed generally by the provisions of a fixed-price contract form (SF–32 and NASA Form 250, or NASA Form 247), the Government will pay to the Contractor, not to exceed the maximum amount specified in Article IIIa of the Schedule, upon the submission of proper invoices or vouchers, the prices, if any, specified in Article III of the Schedule for supplies delivered and accepted or services rendered and accepted, less deductions, if any, provided for in this Letter Contract. Unless otherwise specified, payment will be made on partial deliveries accepted by the Government.

(b) If this Letter Contract is on a cost-reimbursement basis and is governed generally by the provisions of a cost-reimbursement type contract form (NASA Form 417 or 418) referenced in the Schedule, the Government will pay to the Contractor, not to exceed the maximum amount specified in Article IIIa of the Schedule, upon the submission of proper invoices or vouchers, his costs for the performance of this contract determined by the Contracting Officer to be allowable in accordance with (i) Part 15, Subpart 2 of the NASA Procurement Regulation as in effect on the date of this Letter Contract, and (ii) any special provisions concerning allowable costs or payment set forth in the Schedule.

(c) Nothing shall be paid under this Letter Contract to the Contractor for profit or fee, except as provided in the Termination clause of this Letter Contract.

5. *Termination:*

(a) In case a definitive contract is not executed by the date specified in Article VI of the Schedule, because of the inability of the parties to agree upon a definitive contract, this Letter Contract may be terminated in its entirety by either party by delivering to the other party a notice in writing specifying the effective date of termination, which date shall not be earlier than thirty (30) days after receipt of such notice.

(b) The performance of work under this Letter Contract also may be terminated by the Government in accordance with this clause in whole, or from time to time in part:

(i) Whenever the Contractor shall default in performance of this Letter Contract in accordance with its terms (including in the term "Default" any such failure by the Contractor to make progress in the prosecution of the work hereunder as endangers such performance), and shall fail to cure such default within a period of 10 days (or such longer period as the Contracting Officer may allow) after receipt from the Contracting Officer of a notice specifying the default; or

(ii) Whenever for any reason the Contracting Officer shall determine that such termination is in the best interest of the Government.

Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying whether termination is for the default of the Contractor or for the convenience of the Government, the extent to which performance of work under this Letter Contract is terminated, and the date upon which such termination becomes effective. If, after notice of termination of this Letter Contract for default under (i) above, it is determined for any reason that the Contractor was not in default pursuant to (i) above, or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor pursuant to the provisions of the clause of this Letter Contract relating to excusable delays, the Notice of Termination shall be considered to have been issued under (ii) above, and the rights and obligations of the parties hereto shall in such event be governed accordingly.

(c) After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall:

(i) Stop work under this Letter Contract on the date and to the extent specified in the Notice of Termination;

(ii) Place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the work under this Letter Contract as is not terminated;

(iii) Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination;

(iv) Assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;

(v) With the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final and conclusive for all purposes of this clause, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of this Letter Contract;

(vi) Transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent, and at the times directed by the Contracting Officer, deliver to the Government (A) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of, the work terminated by the Notice of Termination, (B) the completed or partially completed plans, drawings, information, and other property which, if this Letter Contract had been completed, would be required to be furnished to the Government, and (C) the jigs, dies, and fixtures, and other special tools, and tooling acquired or manufactured for the performance of this Letter Contract, for the cost of which the Contractor has been or will be reimbursed under this Letter Contract;

(vii) Use his efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in (vi) above: *Provided, however,* That the Contractor (A) shall not be required to extend credit to any purchaser, and (B) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer; *And provided further,* That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this Letter Contract or shall otherwise be credited to the price or cost of the work covered by this Letter Contract or paid in such other manner as the Contracting Officer may direct;

(viii) Complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and

(ix) Take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this Letter Contract which is in the possession of the Contractor in which the Government has or may acquire an interest.

The Contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining the amount of any items of reimbursable cost, under this clause. At any time after expiration of the plant clearance period, as defined in Part 8 of the NASA Procurement Regulation as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept such items and remove them or enter into a storage agreement covering the same: *Provided,* That the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final statement.

(d) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer his termination claim in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly, but in no event later than one (1) year from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer upon request of the Contractor made in writing within such one (1) year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such one (1) year period or any extension thereof. Upon failure of the Contractor to submit his termination claim within the time allowed, the Contracting Officer may, subject to any Settlement Review Board approvals required by NASA regulations in effect on the date of the execution of this contract, determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination, and shall thereupon pay to the Contractor the amount so determined.

(e) Subject to the provisions of paragraph (d) hereof, and subject to any Settlement Review Board approvals required by NASA regulations in effect as of the date of execution of this Letter Contract, the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause. In the event of any termination pursuant to paragraph (a) or (b)(i) hereof, such amount or amounts shall not include any allowance for fee. In the event of any termination pursuant to paragraph (b)(ii) hereof, such amount or amounts may include a reasonable allowance for fee, but only on work actually done in connection with the terminated portion of this Letter Contract. Any such amount shall not exceed the maximum amount specified in Article IIIa of the Schedule. Any such agreement shall be embodied in an amendment to this Letter Contract and the Contractor shall be paid the agreed amount.

(f) In the event of the failure of the Contractor and the Contracting Officer to agree in whole or in part, as provided in paragraph (e) above, as to the amount of amounts to be paid to the Contractor in connection with the termination of work pursuant to this clause, the Contracting Officer shall, subject to any Settlement Review Board approvals required by NASA regulations in effect as of the date of execution of this Letter Contract, determine, on the basis of information available to him, and in accordance with the applicable cost principles of the NASA Procurement Regulation as in effect on the date of this Letter Contract, the amount, if any, due to the Contractor by reason of the termination and shall pay such amount to the Contractor. In the event of the termination of this Letter Contract pursuant to paragraph (a) or (b)(i) hereof, no allowance for fee shall be included in the amount to be paid the Contractor.

(g) The Contractor shall have the right of appeal, under the clause of this Letter Contract entitled "Disputes," from any determination made by the Contracting Officer under paragraph (d) or (f) above (including any disputes as to whether termination has in fact taken place pursuant to paragraph (a) or (b)(i) hereof), except that if the Contractor has failed to submit a claim within the time provided in paragraph (d) above and has failed to request extension of such time, he shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (d) or (f) above, the Government shall pay to the Contractor the following:

(i) If there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer; or

(ii) If an appeal has been taken, the amount finally determined on such appeal.

(h) In arriving at the amount due the Contractor under this clause there shall be deducted:

(i) All unliquidated advance or other payments theretofore made to the Contractor, applicable to the terminated portion of this Letter Contract;

(ii) Any claim which the Government may have against the Contractor in connection with this Letter Contract; and

(iii) The agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold pursuant to the provisions of this clause and not otherwise recovered by or credited to the Government.

(i) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of this Letter Contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally agreed or determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6 percent per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government: *Provided, however,* That no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten days after the date of such retention or disposition, or such later date as determined by the Contracting Officer by reason of the circumstances.

(Local reproduction is authorized)

§ 18–16.860 Processing payments under contracts with cost-reimbursement provisions.

The following forms are authorized for processing payments under contracts with cost-reimbursement provisions (see § 18–3.809(c)(1)):

(a) NASA Form 456, Notice of Contract Costs Suspended and/or Disapproved;

(b) NASA Form 456–1, Notice of Contract Costs Suspended and/or Disapproved Continuation Sheet;

(c) Standard Form 1034, Public Voucher for Purchases and Services Other than Personal;

(d) Standard Form 1034a, Public Voucher for Purchases and Services Other than Personal—Memorandum Copy;

(e) Standard Form 1035, Public Voucher for Purchases and Services Other than Personal Continuation Sheet; and

(f) Standard Form 1035a, Public Voucher for Purchases and Services Other than Personal Continuation Sheet—Memorandum.

§ 18–16.861 Withholdings Under Davis-Bacon Act (Standard Form 1093).

Standard Form 1093, Schedule of Withholdings Under the Davis-Bacon Act, shall be used in accordance with § 18–12.404–9.

§ 18–16.862 Unitary Plan Wind Tunnel Facilities (NASA Form 362).

NASA Form 362, Agreement for Use of NASA Unitary Plan Wind Tunnel Facilities, shall be used in connection with the use of the NASA unitary plan wind tunnel facilities for company projects. The form shall be executed by authorized representatives of NASA and the company on all company projects, as defined in NASA Financial Management Manual, Appendix 9080–4A. The symbol "NAS (UP)" shall be placed on each agreement, followed by the numerical designation of the field installation, and consecutive numbers assigned (for example, "NAS (UP)–1"). Billings shall be rendered by and payments made to the NASA installation concerned in accordance with applicable fiscal regulations.

§ 18–16.863 New Technology (NASA Form 1162).

NASA Form 1162, New Technology, contains the clause set forth in § 18–9.101–4 and will be used in contracts which require the New Technology clause under the provisions of § 18–9.101–2.

§ 18–16.864 Procurement Plan Contents Checklist (NASA Form 1168).

NASA Form 1168, Procurement Plan Contents Checklist shall be used in accordance with § 18–3.852–3.

§ 18–16.865 Analysis of Government-Owned/Contractor-Held Property Other Than Space Hardware (NASA Form 1018).

The Analysis of Government-Owned/Contractor-Held Property Other Than Space Hardware Form (NASA Form 1018) shall be used in accordance with the provisions of paragraph B.311–of Appendix B and paragraph C.311 of Appendix C.

§ 18–16.866 Material Inspection and Receiving Report Forms (DD Form 250, and DD Form 250c).

The Material Inspection and Receiving Report Form (DD Form 250) shall be used in accordance with Appendix I. DD Form 250c is the Continuation Sheet.

§ 18–16.867 DOD Property Record (DD Form 1342).

The DOD Property Record (DD Form 1342) shall be used in accordance with the provisions of paragraph B.306–1 of Appendix B and paragraph C.306–1 of Appendix C.

Subpart 18–16.9—Procurement Action and Status Reports

§ 18–16.900 Scope of subpart.

This Subpart 18–16.9 prescribes reports designed to provide records and statistics necessary for procurement management purposes and to serve as a basis for required recurring and special reports.

§ 18–16.901 Individual Procurement Action Report (NASA Form 507).

The Individual Procurement Action Report (NASA Form 507) is designed to provide essential procurement records and statistics through a single uniform reporting program as a basis for required recurring and special reports to the President, the Congress, the Department of Labor, the Office of Emergency Preparedness, the General Accounting Office, the Renegotiation Board, the Small Business Administration, and other Federal agencies. The preparation and utilization of NASA Form 507 has been made an integral part of the agencywide system for the recording and reporting of financial and statistical data covering the status of Contracts and Grants (SCAG). Complete instructions covering the operation of this system are contained in the NASA Financial Management Manual 9332–1—9332–13.

§ 18–16.902 Geographic Distribution of NASA Subcontracts (NASA Form 667).

In order to obtain information relating to the geographic distribution of subcontracts awarded under certain NASA contracts, the following clause will be inserted in all NASA contracts of $500,000 or more and in all contracts where a modification increases the amount of a contract to $500,000 or more. In the latter instance, the clause will be inserted at the time of the applicable modification but will not be retroactive so as to require the reporting of subcontracts awarded prior to such modification.

REPORT ON NASA SUBCONTRACTS (MARCH 1970)

(a) The Contractor agrees to submit information on NASA Form 667 to the National Aeronautics and Space Administration (Code: KD), Washington, D.C. 20546, substantially as follows with respect to each subcontract or modification thereof exceeding $10,000 as soon as possible after execution thereof:

(i) The name and address of the prime contractor and the NASA prime contract number;

(ii) The name and address of the subcontractor;

(iii) Whether the subcontractor is a large or small business concern;

(iv) Whether the type of effort being performed involves research and development;

(v) A brief description of the subcontract work;

(vi) The amount of the subcontract; and

(vii) The principal location where the subcontract work is to be performed, if known.

(b) The Contractor and his subcontractors will submit negative reports annually, when applicable, on each prime contract and first-tier subcontract subject to this reporting requirement. The negative reports will be submitted not later than July 31 for the 12 months' period ending June 30 of each year. The negative reporting will be continued until the contract or subcontract has been physically completed and the National Aeronautics and Space Administration (Code KD) Washington, D.C., so notified by the contractor or subcontractor.

(c) The term "subcontract" as used herein means procurement in excess of $10,000 by the Contractor or first-tier subcontractor of articles, materials, or services entering into the performance of this contract, except purchases, regardless of amount, of stock items, materials, or services which cannot be specifically identified with this contract.

(d) The term "research and development" as used herein means basic and applied research, and design and development of prototypes and processes to (1) pursue a planned search for new knowledge, with or without reference to a specific application, (2) apply existing knowledge in the creation of new products or processes and (3) apply existing knowledge in the improvement or modification of present products and processes. It excludes subcontracts for the purchase of standard commercial items and services.

(e) The Contractor further agrees to insert the provisions of paragraphs (a), (b), (c), and (d) of this Clause in each subcontract in excess of $50,000. The Contractor will instruct his subcontractors to submit their reports directly to the National Aeronautics and Space Administration (Code: KD), Washington, DC 20546, and will provide his subcontractors with the number of the NASA prime contract.

§ 18–16.903 Reporting on incentive contracts under administration.

(a) Each procurement office shall submit to the Procurement Office, NASA Headquarters (Code KDP–2) a report on the status of "Incentive Contracts Currently Under Administration" (NASA Form 1129) and a report covering "Incentive Contracts—Evaluation of Incentive Effectiveness" (NASA Form 1132) in accordance with the instructions set forth in this § 18–16.903.

(1) "Incentive Contracts Currently Under Administration" (NASA Form 1129) will be prepared for each calendar quarter to provide a concise summary of pertinent information on incentive contracts of $25 million or more which have not been completed. All columns (A through X) on NASA Form 1129 will be completed. Contracts which have been completed but which have not been closed outs pending administrative processes (e.g., determination of final overhead rates) will not be included in the report. The report will be prepared as of the last day of the quarter being reported and will be submitted to the Procurement Office, NASA Headquarters (Code

KDP-2) on or before the 20th day of the following month.

(2) "Incentive Contracts Currently Under Administration" (NASA Form 1129) will be prepared semiannually for all incentive contracts under administration, amounting to $5 million or more including those contracts of $25 million or more which have been completed but which have not been closed out. Contracts reported under subparagraph (1) of this paragraph will not be reported under this subparagraph. Only columns A through P will be completed. The report will be prepared as of each June 30 and December 31 and will be submitted to the Procurement Office, NASA Headquarters (Code KDP-2) on or before the 20th day of the following month concurrently with the report required under subparagraph (1) of this paragraph.

(3) The summary data to be provided on the reverse side of NASA Form 1129 will reflect complete information concerning accomplishments and success or failure in meeting the objectives of those contracts reported under subparagraphs (1) and (2) of this paragraph.

(4) "Incentive Contracts—Evaluation of Incentive Effectiveness" (NASA Form 1132) will be used to report and record final appraisals by the cognizant installation of the effectiveness of the incentive arrangements. This report will be submitted for each incentive contract, regardless of the dollar value. The evaluation will be made when the contract is modified to reflect the final price revision or fee determination and will be submitted to the Procurement Office, NASA Headquarters (Code KDP-2). Once the contract has been reported on NASA Form 1132, the contract will not be included in the "Incentive Contract Currently Under Administration" (NASA Form 1129) report.

(b) The reports required under paragraph (a) of this section will be submitted in an original (suitable for reproduction) and one copy using NASA Forms 1129 and 1132.

§ 18-16.904 NASA Small Business Subcontracting Program Quarterly Report (NASA Form 524).

This report is designed to furnish statistics on the extent to which small business concerns are performing work or services as subcontractors under NASA prime contracts through implementations of the "Small Business Subcontracting Program." Complete instructions covering the preparation and submission of this report are provided on the face of the report form.

PART 18-17—EXTRAORDINARY CONTRACTUAL ADJUSTMENTS PROCEDURE

Sec.

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AUTHORITY: The provisions of this Part 18-17 issued under 42 U.S.C. 2473(b)(1).

§ 18-17.000 Scope of part.

This Part 18-17 establishes standards and procedures for the disposition of requests for extraordinary contractual adjustments by contractors of the National Aeronautics and Space Administration (hereinafter referred to as "NASA" or the "Administration") pursuant to the Act of August 28, 1958 (Public Law 85-804; 50 U.S.C. 1431-35) (hereinafter referred to as "the Act"), and Executive Order No. 10789, dated November 14, 1958 (23 F.R. 8897) (hereinafter referred to as "the Executive Order"). It does not extend to advance payments or the so-called "residual powers" under the Act.

§ 18-17.101 Authority.

(a) The Act empowers the President to authorize Departments and agencies exercising functions in connection with the national defense to enter into contracts or into amendments or modifications of contracts and to make advance payments, without regard to other provisions of law relating to the making, performance, amendment, or modification of contracts, whenever he deems that such action would facilitate the national defense.

(b) The Executive Order authorizes the Administrator of NASA (hereinafter referred to as "the Administrator"), to exercise the authority conferred by the Act, and to prescribe regulations for the carrying out of such authority.

(c) NASA Management Instruction 1152.5, "Contract Adjustment Board," establishes the Contract Adjustment Board (hereinafter referred to as "the Board") to consider and dispose of requests for extraordinary contractual adjustments by NASA contractors.

§ 18-17.102 General policy.

The authority conferred by the Act shall be utilized primarily as an aid to procurement but shall not be utilized so as to encourage carelessness and laxity on the part of contractors or NASA personnel, nor be relied upon by NASA where other adequate legal authority exists. The actions authorized under the Act shall be processed as expeditiously as practicable but with the care, restraint, and sound judgment appropriate to the exercise of such extraordinary authority.

§ 18-17.103 Standards for deciding cases.

§ 18-17.103-1 General.

The mere fact that losses occur under a Government contract is not, by itself, a sufficient basis for the exercise of the authority conferred by the Act. Whether, in a particular case, appropriate action (such as amendment without consideration, correction of a mistake or ambiguity in a contract, or formalization of an informal commitment) will facilitate the national defense is a matter of sound judgment to be made on the basis of all of the facts of the case. Although it is obviously impossible to predict or enumerate all types of cases with respect to which action may be appropriate, examples of cases or types of cases where action may be proper are set forth in §§ 18-17.103-2, 18-17.103-3, and 18-17.103-4. Even if all of the factors contained in any of the examples are present, other factors or considerations in a particular case may result in a denial of the request. These examples are not intended to exclude other cases where the Board determines that the circumstances warrant action.

§ 18-17.103-2 Amendments without consideration.

(a) Where an actual or threatened loss under a Government contract, however caused, will impair the productive ability of a contractor whose continued operation as a source of supply is found to be essential to the national defense, the contract may be adjusted, but only to the extent necessary to avoid such impairment to the contractor's productive ability.

(b) Where a contractor suffers a loss (not merely a diminution of anticipated profits) on a Government contract as a result of Government action, the character of the Government action will generally determine whether any adjustment in the contract will be made and its extent. Where the Government action is directed primarily at the contractor and is taken by the Government in its capacity as the other contracting party, the contract may be adjusted if fairness so requires; thus, where such Government action, although not creating any liability on the part of the Government, increases the cost of performance, considerations of fairness may make some adjustment in the contract appropriate.

§ 18-17.103-3 Mistakes.

A contract may be amended or modified to correct or mitigate the effect of a mistake. Examples of cases where such action may be appropriate include the following:

(a) A mistake or ambiguity which consists of the failure to express or to express clearly in a written contract the agreement as both parties understood it;

(b) A mistake on the part of the contractor which is so obvious that it was or should have been apparent to the contracting officer; and

(c) A mutual mistake as to a material fact.

Amending contracts to correct mistakes with the least possible delay normally will facilitate the national defense by expediting the procurement program and by giving contractors proper assurance that such mistakes will be corrected expeditiously and fairly.

§ 18–17.103–4 Informal commitments.

Informal commitments may be formalized under certain circumstances to permit payment to persons who have taken action without a formal contract; for example, where any person, pursuant to written or oral instructions from an official of NASA and relying in good faith upon the apparent authority of the official to issue such instructions, has arranged to furnish or has furnished property or services to NASA or to a Government contractor or subcontractor without formal contractual coverage for such property or services. Formalization of commitments under such circumstances normally will facilitate the national defense by assuring such persons that they will be treated fairy and paid expeditiously.

§ 18–17.104 Limitations upon deciding cases.

(a) The Act is not authority for:

(1) The use of the cost-plus-a-percentage-of-cost system of contracting;

(2) The execution of any contract in violation of existing law relating to limitation of profit or fees;

(3) The negotiation of purchases of or contracts for property or services required by law to be procured by formal advertising and competitive bidding;

(4) The waiver of any bid, payment, performance, or other bond required by law;

(5) The amendment of a contract negotiated under 10 U.S.C. 2304(a)(15) to increase the contract price to an amount higher than the lowest rejected bid of any responsible bidder; or

(6) The formalization of an informal commitment, unless it is found that at the time the commitment was made it was impracticable to use normal procurement procedures.

(b) No contract, amendment, or modification shall be entered into under the authority of the Act:

(1) Unless a finding is made that the action will facilitate the national defense;

(2) Unless other legal authority in the Administration is deemed to be lacking or inadequate;

(3) Unless the request therefor has been filed before all obligations have been discharged and final payment made; and

(4) Except within the limits of the amounts appropriated and the statutory contract authorization.

§ 18–17.105 Procedures for filing requests.

§ 18–17.105–1 Filing requests.

Any person or company seeking an adjustment under the standards set forth in § 18–17.103 (hereinafter called the "contractor") may file a request in duplicate with the cognizant contracting officer or his duly authorized representative. If such filing is impracticable, requests will be deemed to be properly filed if filed with the Board or the Administrator for forwarding to the cognizant contracting officer.

§ 18–17.105–2 Form of requests.

The contractor's request shall normally consist of a statement, dated and signed by the contractor, containing as a minimum the following information:

(a) A chronological narrative of the essential facts, showing in detail the chain of events leading up to the request;

(b) The contractor's conclusions based on such facts, showing in terms of the standards set forth in § 18–17.103 and the limitations set forth in § 18–17.104 why the contractor considers himself entitled to the adjustment requested;

(c) The precise adjustment requested, showing how it was formulated or computed and the consequences of granting or denying the request, including whether any proceeds from the request, if granted, will be subject to any assignment or other transfer, and to whom;

(d) If a written contract is involved, a statement of the contractor's understanding of why the subject matter of the request cannot now and could not at the time it arose be disposed of under the terms of the contract itself;

(e) If a written contract is involved, a complete copy of or a brief description of the contract, indicating the dates of execution and amendments thereto, the items being procured, the price or prices, the delivery schedule or revisions thereof, and such other special contractual provisions as may be relevant to the request;

(f) If a written contract is involved, whether all obligations, including final payment under the contract have been discharged; and

(g) Whether the contractor has sought the same, or a similar or related, adjustment from the General Accounting Office or any other agency of the Government, or anticipates doing so.

§ 18–17.105–3 Additional facts and evidence.

(a) *General.* The cognizant contracting officer, or the Contract Adjustment Board, may, where considered pertinent, request the contractor to furnish additional facts and evidence in support of his request, of the nature set forth below. In complying with such requests, the contractor may also submit other statements and evidence which he may consider helpful to his case:

(1) The best evidence available to the contractor in support of any facts alleged by the contractor, including contemporaneous memoranda, correspondence, affidavits, and any other material tending to establish matters of fact;

(2) A history of performance indicating when work under the contracts or commitments was begun, the progress made to the present, an exact statement of the contractor's remaining obligations, and the contractor's expectations regarding completion thereof;

(3) A statement of payments received, payments due, and payments yet to be received or to become due, including advance and progress payments and amounts withheld by the Government, and information as to other obligations of the Government, if any, which are yet to be performed under the contract;

(4) A statement giving a detailed analysis of the monetary elements of the request, including precisely how the actual or estimated dollar amount of the request was arrived at, the effect of approval or denial on the contractor's profits before Federal income taxes, and whether the costs for which reimbursement is requested have been included as a part of his gross costs in statutory renegotiation proceedings, together with the contractor's renegotiation status for the relevant years;

(5) Relevant financial statements, cost analyses, or other such data, preferably certified by a certified public accountant, including such additional financial data as is necessary to explain fully and to support the monetary elements of the request for adjustment;

(6) A list of persons (in the employ of the Government, in the employ of the contractor, or otherwise connected with the contract) who have some factual knowledge of the subject matter, including, where possible, the name, office or title, address, and telephone number of each such person;

(7) A statement and evidence of steps taken to mitigate loss and reduce claims to a minimum; and

(8) Such other statements or evidence as may be requested.

(b) *Amendments without consideration under § 18–17.103–2(a).* In addition to the facts and evidence enumerated in paragraph (a) of this section where a request involves possible amendment without consideration, and "essentiality" is a factor, the contractor may be asked to furnish:

(1) A statement and evidence of the contractor's original breakdown of estimated costs, including contingency allowances and profit;

(2) A statement and evidence of the contractor's present estimate of total costs under the contracts involved if enabled to complete, broken down between costs accrued to date of request and run-out costs, and between costs for which the contractor has made payment and those for which he is indebted at the time of the request;

(3) A statement and evidence of the contractor's estimate of the final price of the contracts involved, giving effect to all escalation, changes, extras, and the like, known or contemplated by the contractor;

(4) A statement of any claims known or contemplated by the contractor against the Government involving the contracts in question, other than those stated in response to subparagraph (3) of this paragraph;

(5) An estimate of the contractor's total profit or loss under the contracts

involved if enabled to complete at the final contract price (see subparagraph (3) of this paragraph) broken down between profit or loss to date and run-out profit or loss;

(6) An estimate of the total profits from other Government business and all other sources during the period from the date of the first contract involved to the estimated date of completion of all the contracts involved;

(7) A statement of the amount of any tax refunds and an estimate of those anticipated during or for the period from the date of the first contract involved through the estimated completion date of all the contracts involved;

(8) A statement in detail as to efforts the contractor has made to obtain funds from commercial sources to enable him to complete performance of the contracts involved;

(9) A statement of the minimum amount necessary as an amendment without consideration to enable the contractor to complete performance of the contracts involved, and the detailed basis for that amount;

(10) An estimate of the time required to complete each contract if the request is granted;

(11) A statement of the factors which have caused the loss under the contracts involved;

(12) A statement as to the course of events anticipated if the request is denied;

(13) Balance sheets, preferably certified by a certified public accountant, as of the end of the contractor's fiscal year first preceding the date of the first contract, as of the end of each subsequent fiscal year, as of the date of the request, and projected as of the date of completion of all the contracts involved, assuming the contractor is enabled to complete the contracts at the final prices estimated pursuant to subparagraph (3) of this paragraph, together with income statements for annual periods subsequent to the date of the first balance sheet. Balance sheets and income statements should be both consolidated, and by affiliates, and should show all transactions between the contractor and his affiliates, stockholders, and partners including loans to the contractor guaranteed by any stockholder or partner; and

(14) A list of all salaries, bonuses, and all other forms of compensation of the principal officers or partners and of all dividends and other withdrawals, and all payments to stockholders in any form since the date of the first contract involved.

(c) *Amendments without consideration under § 18–17.103–2(b).* In addition to the facts and evidence enumerated in paragraph (a) above, where a request involves possible amendment without consideration because of Government action, and "essentiality" is not a factor, the contractor may be asked to furnish:

(1) A detailed statement of the precise Government action which the contractor considers caused a loss under the contract, with evidence to support each essential fact;

(2) A statement and evidence of the contractor's original breakdown of estimated costs, including contingency allowances and profit;

(3) The estimated total loss suffered under the contract, with detailed supporting analysis; and

(4) The estimated loss resulting from the Government action, with detailed supporting analysis.

(d) *Correction of mistakes under § 18–17.103–3.* In addition to the facts and evidence enumerated in paragraph (a) of this section, where a request involves possible correction of a mistake, the contractor may be asked to furnish:

(1) A statement and evidence of the precise mistake or error that was made, the ambiguity that exists, or the misunderstanding that arose, showing of what it consisted and how it occurred, and the intention of the parties;

(2) A statement explaining when the mistake was discovered, when notice of mistake was given to the contracting officer, and whether given before completion of work under, or the effective date of termination of, the contract;

(3) An estimate of loss or profit under the contract with detailed supporting analysis; and

(4) An estimate of the increase in cost to the Government resulting from the adjustment requested, with detailed supporting analysis.

(e) *Formalization of informal commitments under § 18–17.103–4.* In addition to the facts and evidence enumerated in paragraph (a) of this section, where a request involves possible formalization of an informal commitment, the contractor may be asked to furnish:

(1) Copies of any written instructions or assurances, or a statement under oath of any oral instructions or assurances made to the contractor, with identification of the Government officer or official making such statement;

(2) A statement as to when the property or services were furnished or arranged to be furnished, and to whom;

(3) Evidence that the contractor relied upon the instructions or assurances, with a full description of the circumstances which led him so to rely, and that the contractor intended, at the time of performing the work, to be compensated directly for it by the Government and did not anticipate recovery of the costs in some other way;

(4) A cost breakdown supporting the amount claimed as a fair compensation for the work performed; and

(5) A statement and evidence of why it was impracticable to provide for the work performed in an appropriate contractual instrument.

§ 18–17.106 Processing contractor requests.

§ 18–17.106–1 Investigation.

Upon receipt of a contractor's request for an extraordinary contractual adjustment, the cognizant contracting officer shall be responsible for making a thorough investigation of all facts and issues relevant to the request. Facts and evidence shall be obtained from contractor and Government personnel, including signed statements of material facts within the knowledge of individuals where documentary evidence is lacking, and audits where considered necessary to establish financial or cost facts. The investigation shall establish the facts essential to meeting the standards required for a decision on the request.

§ 18–17.106–2 Submission of request to the Contract Adjustment Board.

(a) *Statements and information to board.* (1) After completing the investigation of the facts and issues relevant to the contractor's request, the cognizant contracting officer shall forward the request to the Chairman, Contract Adjustment Board, NASA Headquarters, and shall state the following in his forwarding letter:

(i) The nature of the case; and

(ii) The disposition recommended for the request, and, if contractual action is recommended, the opinion of the contracting officer that such action will facilitate the national defense.

(2) The forwarding letter shall enclose the contractor's request, and all material submitted by the contractor in support of such request, together with such additional material as the contracting officer has obtained from Government sources or personnel in the course of his investigation of the facts and issues relevant to the request. The contracting officer's forwarding letter and all enclosures shall be submitted in duplicate. Any classified information included in the material forwarded shall be identified as such.

(b) *Amendments without consideration under § 18–17.103–2(a).* Where an amendment without consideration under the standards of § 18–17.103–2(a) is recommended by the cognizant contracting officer, the forwarding letter shall include, in addition to the statements and information described in paragraph (a) (1) and (2) of this section, a statement of the contracting officer's findings as to:

(1) The contractor's performance record, including the quality of product, rate of production, and promptness of deliveries;

(2) The importance to the Government of the performance of the contract by the contractor and the importance of the contractor to the national defense;

(3) The forecast of future contracts with the contractor; and

(4) Other available sources of supply for the supplies or services covered by the contract, and the time and cost of having contract performance completed by such other sources.

(c) *Formalization of informal commitments under § 18–17.103–4.* Where the formalization of an informal commitment under the standards of § 18–17.103–4 is recommended by the cognizant contracting officer, the forwarding letter shall include, in addition to the statements and information described in paragraph (a) (1) and (2) of this section, a statement that the contracting officer has determined that at the time the informal commitments was

made, it was impracticable to use normal procurement procedures.

§ 18–17.106–3 Action by Contract Adjustment Board.

(a) Investigation: Upon receipt of a request which is forwarded by the cognizant contracting officer, the Board, acting through its Counsel, may make such further investigation of the facts and issues involved in the request, and obtain such additional facts and evidence relating to the request, either from the contractor or the contracting officer, or others, as is necessary to make a determination as to the contractor's entitlement to the relief requested, or to other equitable relief.

(b) Decision: The Board, acting in accordance with its own procedures, will render its decision on a request as expeditiously as practicable. A Memorandum of Decision disposing of the case shall be prepared for the signature of the Chairman of the Board, and shall be dated and contain the following information.

(1) The name and address of the contractor, the contract identification, and the nature of the request;

(2) The decision reached and the actual cost or estimated potential cost, if any, of the decision;

(3) A concise description of the property or services involved;

(4) A statement of the circumstances justifying the decision; and

(5) If some adjustment action is approved, a statement in substantially the following form: "The Board finds that the action authorized herein will facilitate the national defense."

(c) The Memorandum of Decision shall omit any of the foregoing information classified "Confidential" or higher.

§ 18–17.107 Implementation of Board's decision.

(a) Copies of the Board's decision will be transmitted to the cognizant contracting officer, who will take such action as is authorized by the decision. Where the Board's decision is to reject the contractor's request for relief, the cognizant contracting officer will advise the contractor of such decision.

(b) Except as provided in paragraph (c) of this section, immediately upon execution of a contract or contract amendment which implements the decision of the Board, the contracting officer shall forward two copies of the contractual document to the Chairman, Contract Adjustment Board, marked for the attention of the Counsel to the Board, for retention with the Board's permanent files.

(c) Contracts or contract amendments for which approval of NASA Headquarters is otherwise required under the provisions of this chapter shall be forwarded for such approval. After approval has been received, the provisions of paragraph (b) of this section will be complied with.

§ 18–17.108 Contractual requirements.

Every contract entered into or amended or modified pursuant to this Part shall contain:

(a) A citation of the Act and Executive Order;

(b) A brief statement of the circumstances justifying the action;

(c) A recital of the finding that the action will facilitate the national defense;

(d) The contract clause entitled "Covenant Against Contingent Fees" as set forth in § 18–1.503;

(e) The contract clause entitled "Examination of Records" as set forth in § 18–7.104–15 for fixed price type contracts or the clause entitled "Examination of Records" as set forth in § 18–7.203–7 for cost-reimbursement type contracts;

(f) The contract clause entitled "Equal Opportunity" as set forth in § 18–12.802;

(g) The contract clause entitled "Assignment of Claims" as set forth in § 18–7.103–8;

(h) If otherwise applicable, the contract clauses entitled "Walsh-Healey Public Contracts Act," "Davis-Bacon Act," "Copeland ('Anti-Kickback') Act—Nonrebate of Wages," and "Contract Work Hours Standards Act—Overtime Compensation" as set forth respectively in §§ 18–12.605 and 18–12.403; and

(i) Any other clauses set forth in this chapter which are appropriate to the particular procurement.

§ 18–17.109 Records and reports.

(a) The following documents shall be maintained in the permanent files of the Board:

(1) The original copy of the Memorandum of Decision; and

(2) Copies of the contractual document implementing the Board's decision.

(b) The Board shall prepare reports for submission to Congress in accordance with the Act.

§ 18–17.110 Interdepartmental coordination.

(a) *General.* Where a case involves matters of interest to more than one Department or agency, the Board may take such joint action as may be proper under the circumstances, including holding joint meetings or hearings. Liaison with the Military Departments and other Departments and agencies of the Government in connection with all such cases shall be the responsibility of the Board.

(b) *Amendments under § 18–17.103–2 (a).* Requests for amendments without consideration under § 18–17.103–2(a) where "essentiality" is an issue, involving another Department or agency, shall not be finally determined by NASA until advice on the "essentiality" issue is requested and received from such other Department or agency. When such advice is received, the responsibility for taking the appropriate action, if any, shall be with NASA.

(c) *Funds of other departments or agencies.* Requests for adjustment within any category, where the funds of other than NASA may be required, shall not be approved by NASA until advice is requested and received from the other department or agency involved that additional funds will be made available. The request for such advice shall disclose the following data:

(1) Contractor's name;

(2) Contract number;

(3) Amount of proposed relief;

(4) Brief description of the procurement; and

(5) Account classification—fund citation.

PART 18–23—SUBCONTRACTING POLICIES AND PROCEDURES

Sec.

18–23.000 Scope of part.

Subpart 18–23.1—Review of Contractors' Procurement Systems

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18–23.202 Consent to subcontracts.
18–23.203 Disputes and arbitration provisions in subcontracts.
18–23.204 Additional contract clauses.
18–23.250 Special contracting officer consent requirements for critical subcontracts.
18–23.251 Headquarters review of critical subcontracts.

AUTHORITY: The provisions of this Part 18–23 issued under 42 U.S.C. 2473(b)(1).

§ 18–23.000 Scope of part.

(a) This Part 18–23 sets forth policies and procedures for the evaluation, review, and consent to or approval of contractors' procurement systems and proposed subcontracts. These techniques are

required only where the work is complex, the dollar value is substantial, and there is not adequate price competition. Reliance upon a contractor's approved procurement system will usually obviate the need for reviewing and consenting to individual subcontracts.

(b) Although there is a relationship among the review and approval of procurement systems, consent to subcontracts, and the evaluation of and agreement upon contractors' proposed make-or-buy programs (Subpart 18–3.9), each is a separate and distinct action, and the factors to be considered in each vary.

Subpart 18–23.1—Review of Contractors' Procurement Systems

§ 18–23.100 Scope of subpart.

(a) This Subpart 18–23.1 sets forth the requirements for conducting a contractor procurement system review (CPSR). The objectives of the review are to provide:

(1) A means for evaluating the efficiency and effectiveness with which the contractor spends Government funds;

(2) The basis for the contracting officer to grant, withhold, or withdraw approval of the contractor's procurement system;

(3) Reliable current information to the contracting officer on the contractor's procurement system for use in source selection, determining the appropriate type of contract, and establishing profit and fee objectives;

(4) An independent review of the contractor's procurement system to optimize its effectiveness in complying with Government policy, and

(5) Current procurement system information for appropriate NASA activities in areas of Government interest.

(b) CPSR's will normally be conducted by the Department of Defense and the provisions therefore are set forth in § 18–23.106 (a), (b), and (d) and § 18–23.150. The remainder of this subpart deals with CPSR's conducted by NASA personnel at NASA cognizant contractor facilities.

(c) Prior to initiating a NASA conducted CPSR, the procurement office shall notify the Director of Procurement, NASA Headquarters (Code KDP–3) who will provide instructions and procedures to be followed in conducting the CPSR and in preparing the CPSR report.

§ 18–23.101 Review criteria.

(a) The term "contractor," as used in this subpart, means a separate entity of a contractor, such as an affiliate, division, or plant, which performs its own purchasing.

(b) Generally, a CPSR shall not be performed for a specific contract. Except as provided in paragraph (c) of this section, an initial or annual review shall be made of all contractors who are expected to have sales to the Government during the next 12-month period in excess of $5 million on other than firm fixed-price contracts or fixed-price contracts with escalation.

(c) A review shall not be made of the procurement systems of contractors meeting the criteria in paragraph (b) of this section where the contracting officer determines, in writing, that the extent or nature of the subcontracting by the contractor will not justify the cost of the CPSR. In exceptional cases, a CPSR may be conducted of the procurement system of a contractor not meeting the criteria in paragraph (b) of this section if the contracting officer determines, in writing, that the extent or nature of the subcontracting is such that a CPSR is warranted.

§ 18–23.102 Types of review.

§ 18–23.102–1 Initial review.

An initial review shall be conducted when the contractor meets the criteria in § 18–23.101. It shall be a complete evaluation as described in § 18–23.103.

§ 18–23.102–2 Annual review.

An annual review shall be conducted of all contractors who have had an initial review and still meet the criteria in § 18–23.101. The annual review may be curtailed to cover areas of interest and weaknesses but shall include sufficient consideration of each of the factors listed in § 18–23.103(a) to establish the current adequacy or inadequacy of the entire system. Such review shall generally be conducted in order to:

(a) Examine any substantive changes instituted since the previous review;

(b) Ascertain the status of prior recommendations upon which action has not been completed; and

(c) Determine whether the contractor's procurement system, especially the significant cost impact areas, warrants continued approval.

§ 18–23.102–3 Special reviews of approved systems.

After approval of the contractor's procurement system, the contracting officer may initiate special reviews in connection with weaknesses revealed as a result of:

(a) The initial or annual review;

(b) The review of subcontracts submitted under the notification requirement of contract clauses;

(c) Major changes in the contractor's procurement policies, procedures, or key personnel;

(d) Changes in plant workload or type of work; or

(e) Information provided by Government personnel.

In conducting such reviews, the same effectiveness criteria used in previous reviews shall be applied to the area being examined.

§ 18–23.102–4 Review of procurement systems when approval is withheld or withdrawn.

If approval of a contractor's procurement system is withheld or withdrawn, a a followup review shall be made as soon as evidence is received from the contractor that the factors leading to such action have been corrected. Whether this followup review consists of a complete reexamination of the contractor's procurement system or is confined to the areas found deficient shall be a matter of judgment and will depend on the time lapse between the notice to the contractor of withholding or withdrawal of approval and the followup review.

§ 18–23.103 Extent of review.

(a) Generally, a review shall consist of a complete evaluation of the contractor's procurement system where the procurement system has not been reviewed before, a past review has resulted in withholding or withdrawal of approval of the system, or a major change in a contractor's procurement organization indicates the need for a new review. This review of the contractor's procurement system shall give special attention to:

(1) The degree of price competition obtained;

(2) Pricing policies and techniques, including methods of obtaining accurate, complete, and current cost and pricing data, and certification as required (see §§ 18–3.807–3 and 18–3.807–4);

(3) The methods of evaluating subcontractor's responsibility (see § 18–1.906);

(4) The treatment accorded affiliates and other concerns having close working arrangements with the contractor;

(5) The extent to which assurance is obtained that principal subcontractors apply sound pricing practices and a satisfactory procurement system in dealing with lower tier subcontractors;

(6) Types of subcontracts used (see Subpart 18–3.4);

(7) Practices pertaining to small business and labor surplus area programs (see Subparts 18–1.7 and 18–1.8);

(8) Attention given to the management of major subcontract programs; and

(9) The contractor's procurement policies and procedures pertaining to such items as "make or buy" program, control of property, and obtaining of warranties.

(b) In reviewing the contractor's procurement system, a determination shall be made as to whether subcontracting is done competitively to the maximum practicable extent. This requires ascertaining whether:

(1) A sufficient number of sources is solicited; and

(2) Subcontracting procedures provide other elements of adequate and effective price competition, including—

(i) Adequate descriptions of any factors to be evaluated, and

(ii) Evaluation of all offers on a common basis.

(c) Decisions as to whether commercial items conform to the purpose and intent of the exemption from the requirement for a certificate of current cost and pricing data shall be analyzed.

§ 18-23.104 Contractor procurement system review boards.

(a) When necessary, the Procurement Officer at a NASA installation or his designee shall establish Contractor Procurement System Review Boards in contract administration activities under his jurisdiction to review contractor procurement system review reports. Each Board should be composed of at least three qualified employees with business and contracting experience, and a broad knowledge of how a contractor's procurement system is organized and operates. When appropriate, a representative of the NASA Regional Audit Office or the Defense Contract Audit Agency shall be invited to participate as a member. No person shall serve as a member of the Board in reviewing a report in which he has participated.

(b) At the completion of a review pursuant to § 18-23.102, a report of the CPSR shall be prepared. This report shall be reviewed and evaluated by a CPSR Board which shall make appropriate recommendations to the contracting officer.

§ 18-23.105 Granting, continuing, withholding, and withdrawing approval.

(a) The contracting officer is responsible for granting, continuing, withholding, or withdrawing approval of a contractor's procurement system. The contracting officer shall approve a procurement system only after a CPSR discloses that the contractor's procurement policies and practices are efficient and provide adequate protection of the Government's interests. Approval of a system shall be withheld when there are major weaknesses or when the contractor is unable to provide sufficient information upon which an affirmative determination can be based. Conversely, approval shall not be withheld because of minor weaknesses. An approval may be withdrawn at any time on the basis of a determination that there has been a deterioration of the contractor's procurement system, or otherwise to protect the interests of the Government.

(b) If upon date of expiration of approval of the contractor's procurement system, the contracting officer has not specifically withheld continuing approval, or has not specifically withdrawn approval of the contractor's procurement system, the agreement shall, as a normal course, continue for an additional period of 90 days. It is not the intent of the Government to, through no fault of the contractor, unnecessarily interrupt continuance of procurement system approval.

(c) The contracting officer shall give the contractor written notice granting, continuing, withholding, or withdrawing approval of his procurement system. If the contractor's system is approved, the notification of approval shall be in substantially the following form.

To_____
(Contractor)

As a result of the recent review of your procurement system at (identify the plant or plants involved), you are advised of (insert "my approval" or "the continuation of the prior approval") of your procurement system. This approval, effective _____, is for a period of 1 year and is applicable to all of your contracts at the above plants or plant with the National Aeronautics and Space Administration. This approval waives, to the extent provided in your contracts, the contractual requirements for prior consent by the contracting officer to the placement of certain subcontracts. In addition, it waives, to the extent provided in fixed-price contracts, the requirement for advance notification to the contracting officer of your intent to place certain subcontracts.

This approval does not eliminate the requirement under cost-reimbursement contracts for advance notification to the contracting officer of your intent to place proposed subcontracts where such notification is required, nor does it affect any contractual provisions which require prior consent to the placement of subcontracts notwithstanding this approval of your procurement system. (If special requirements for continued notification and prior consent for one or more classes of subcontracts are to be imposed in accordance with (d) below, such special requirements should be inserted here.)

This approval of your procurement system:

(i) Shall not be construed to be a determination of the acceptability of any subcontract price or of any amount paid under any subcontract, or to relieve you of any contractual requirement, except as specified herein;

(ii) Shall automatically terminate upon the expiration date specified above unless the expiration date is extended;

(iii) Shall automatically terminate when any significant change occurs in your procurement system unless the change has received my approval; and

(iv) May be withdrawn at any time at my discretion.

You are to be commended that your procurement system merits Government approval, and you are urged to continue your efforts to maintain an acceptable procurement system.

_____
(Contracting Officer)

(d) In exceptional circumstances, the approval may acquire notification and prior written consent for one or more classes of subcontracts which, because of their critical nature or particular circumstances, call for extraordinary Government surveillance. Such requirements shall not be based upon the dollar amount of proposed subcontracts and, if imposed, shall be removed at the earliest possible date.

(e) When approval of the contractor's procurement system is withheld or withdrawn, the contractor shall be informed in writing of the specific actions necessary to qualify his procurement system for approval and shall be requested to furnish his plan for accomplishing the necessary actions.

(f) When recommendations are made for improvement of an approved system, the contractor shall be requested to reply as soon as possible as to his concurrence or position with respect to the recommendations.

(g) Copies of notifications, granting, continuing, withholding, or withdrawing approval of a contractor's procurement system, copies of recommendations for improvement of an approved system, and information received from the contractor pursuant to paragraphs (e) and (f) of this section shall be transmitted to the cognizant contract audit office.

§ 18-23.106 Distribution of reports, schedules and notifications.

(a) The Director of Procurement will provide DOD CPSR schedules to installation procurement offices.

(b) When exit interviews (§ 18-23.150 (c)) are attended by the NASA DOD Representative, a summary report of proceedings will be forwarded within 10 working days to:

(1) Director of Procurement, NASA Headquarters (Code KDP3) (1 copy).

(2) Installation Procurement Officers on distribution for the Summary Report below (1 copy).

(c) Copies of Reports and Notifications concerning Contractor Procurement System Reviews conducted by NASA shall be provided as follows by the NASA contract administration office:

	Director of procurement (Code KDP-3)	Office responsible for a current contract held by the contractor in excess of $250,000 which requires consent to subcontracts and to other offices upon request		NASA regional audit office (see NMI 1136.21)
		Installation procurement offices	DOD purchasing offices	
Notifications to contractor in accordance with § 18-23.105(e)		1	1	1
Summary reports and supplements (see § 18-23.100(c))	1	3	3	1
Complete reports (see § 18-23.100(c))	1	3		1

(d) Copies of Reports and Notifications concerning Contractor Procurement System Reviews conducted by DOD shall be provided as follows by the NASA/DOD Representatives:

	Director of procurement (Code KDP-S)	Installation procurement offices responsible for a current contract in excess of $250,000 which requires consent to subcontracts and to other offices upon request	NASA regional audit office (see NMI 1130.2D)
Notifications to contractor in accordance with § 18-23.105(c)		1	1
Summary reports & supplements	1	3	1
Complete reports	1		1

§ 18-23.107 Disclosure of approval status of contractors' procurement systems.

(a) Upon request, a prime contractor may be informed that the procurement system of a proposed subcontractor has been approved under Government prime contracts, if such is the case. The prime contractor shall be cautioned that approval status is furnished only as of the date of notification and that the Government will not keep the prime contractor advised of any change in the approval status of the proposed subcontractor's procurement system. If the proposed subcontractor's procurement system has not been examined or approved, the prime contractor shall be advised only that the approval status of the proposed subcontractor's system will not be furnished.

(b) The contents of summary and complete reports of contractor procurement system reviews, and of exit interview proceedings shall be divulged only to those Government personnel having a need-to-know.

§ 18-23.108 Surveillance of the contractor's approved procurement system.

When a contractor's procurement system has been approved, it is the responsibility of the Government to maintain a sufficient level of surveillance to assure that the contractor's procurement system continues to warrant approval. With the assistance of the contract auditor, the contracting officer shall develop a surveillance plan designed to avoid duplication of effort. The plan shall give appropriate consideration to the data furnished by the contractor when providing the required advance notification of intent to place certain subcontracts. Surveillance tests which require audit effort shall be accomplished for the contracting officer by the contract auditor in conjunction with his other audit duties.

§ 18-23.150 Contractor procurement system reviews conducted by the Department of Defense (DOD).

(a) Procedures for delegating the CPSR function are set forth in Subpart 18-51.3. Delegation of the CPSR function shall include authority for the cognizant DOD contracting officer to grant, continue, withhold, or withdraw approval of the contractor's procurement system.

(b) NASA installations desiring to participate in a DOD CPSR shall forward a request for such participation to the Director of Procurement, NASA Headquarters (Code KDP-3) for approval.

(c) Unless a contractor is expected to have sales to NASA during the next 12-month period in excess of $5,000,000 on other than firm fixed-price contracts or fixed-price contracts with escalation, NASA representatives normally will not participate in a DOD CPSR. Where such sales are expected to exceed $5,000,000, however, the NASA/DOD Representatives (see § 18-51.301(f) will normally attend the exit interview with contractor management, and, when the dollar value of sales to NASA is relatively high, may also attend the entrance conference.

(d) Contracting officers desiring Contractor Procurement System Reviews which are in addition to those scheduled by DOD, shall forward the requests for such reviews to the Director of Procurement.

(e) Contracting officers will advise the cognizant DOD Contract Administration Officer of weaknesses in a contractor's procurement system that have come to light during the review of subcontracts or from other sources.

(f) Contracting officers are responsible for reviewing DOD Summary Reports (which include present system status, comments, conclusions, recommendations, and significant changes effected since the review) and notifications to the contractors; and when there is a determination that is at variance with the Summary Report or actions taken by DOD, the contracting officer will forward a request for approval of alternate actions, with justification, to the Director of Procurement. Similarly, a contracting officer desiring the withdrawal of a DOD approval of a contractor procurement system on the basis of a determination that there has been a deterioration of the contractor's procurement system, or to otherwise protect the interests of the Government, shall forward a request for such withdrawal to the Director of Procurement with appropriate justification.

Subpart 18-23.2—Requirement for Consent to Subcontracts

§ 18-23.200 Scope of subpart.

This Subpart 18-23.2 sets forth the requirements for consent to subcontracts.

§ 18-23.201 Clause entitled "Subcontracts."

§ 18-23.201-1 Clause entitled "Subcontracts" for fixed-price contracts.

(a) In fixed-price contracts (other than firm fixed-price, fixed-price with escalation or fixed-price incentive if the incentive feature is based solely on cost) having an estimated contract price of $1,000,000 or more and letter contracts which contemplate such fixed-price contracts, the clause set forth in this section is required, if:

(1) It is anticipated that at least one subcontract may exceed $100,000 or such lower dollar amount as is to be inserted in (b) (ii) and (iii) of the following clause in accordance with paragraph (c) of this section; or

(2) The work of the prime contractor, or of the plant or division of the prime contractor which will perform the contract, is predominantly for the Government.

SUBCONTRACTS (AUGUST 1969)

(a) As used in this clause, the term "subcontract" includes purchase orders.

(b) The Contractor shall notify the Contracting Officer reasonably in advance of entering into any subcontract if the Contractor's procurement system has not been approved by the Contracting Officer and if the subcontract:

(i) Is to be a cost-reimbursement, time and materials or labor-hour contract which it is estimated will involve an amount in excess of ten thousand dollars ($10,000) including any fee;

(ii) Is proposed to exceed one hundred thousand dollars ($100,000); or

(iii) Is one of a number of subcontracts, under this contract, with a single subcontractor for the same or related supplies or services which, in the aggregate, are expected to exceed one hundred thousand dollars ($100,000).

(c) The advance notification required by paragraph (b) above shall include:

(i) A description of the supplies or services to be called for by the subcontract;

(ii) Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the competition obtained;

(iii) The proposed subcontract price, together with the Contractor's cost or price analysis thereof;

(iv) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, when such data and certificates are required by other provisions of this contract to be obtained from the subcontractor; and

(v) Identification of the type of subcontract to be used.

(d) The Contractor shall not enter into any subcontract for which advance notification to the Contracting Officer is required by this clause, without the prior written consent of the Contracting Officer; provided that the Contracting Officer, in his discretion, may ratify in writing any subcontract. Such ratification shall constitute the consent of the Contracting Officer required by this paragraph.

(e) Neither consent by the Contracting Officer to any subcontract or any provisions thereof nor approval of the Contractor's procurement system shall be construed to be a determination of the acceptability of any subcontract price or of any amount paid under any subcontract or to relieve the Contractor of any responsibility for performing this contract, unless such approval or consent specifically provides otherwise.

(f) The Contractor agrees that no subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(b) The clause set forth in paragraph (a) of this section may be appropriately modified so as not to require advance notification of, or consent to, any subcontracts which have been definitely and finally evaluated during negotiations.

(c) In (ii) and (iii) of paragraph (b) of the clause set forth in paragraph (a) of this section, a lower dollar amount may be inserted in lieu of $100,000 where it is determined that closer surveillance

of subcontracting is desirable because of the character of the industry involved, the critical nature of work which will probably be subcontracted, the absence of competition in placing the prime contract, uncertainties as to the adequacy of the contractor's procurement system or the novelty, of the supplies or services being procured.

(d) In exceptional circumstances and in letter contracts contemplating any type of fixed-price contracts, certain subcontracts or classes of subcontracts may be selected during negotiation for extraordinary Government surveillance. In such circumstances, insert the following as paragraph (g) of the foregoing clause.

(g) Notwithstanding approval of the procurement system, the Contractor shall not enter into certain subcontracts or classes of subcontracts set forth elsewhere in this contract without the prior written consent of the Contracting Officer. (Aug 1969)

§ 18–23.201–2 Clause entitled "Subcontracts" for cost-reimbursement contracts.

(a) The appropriate clause entitled "Subcontracts" from either § 18–7.203–8 or § 18–7.402–8 shall be included in all cost-reimbursement contracts.

(b) In cost-sharing contracts where the contractor's share is 25 percent or more, and in cost-plus-incentive-fee contracts in which the cost incentive provides for both (1) a swing from target fee of at least ±3 percent and (2) a contractor's overall cost share of at least 10 percent, consent is not required for subcontracts, except subcontracts for research and development, coming under a contractor's procurement system which has been approved. (A profit swing of at least ±3 percent and cost-sharing of at least 90/10 have been specified only for the purpose of establishing a general rule for relaxation of the consent to subcontract requirement in cost-plus-incentive-fee contracts. Some contracts may provide sufficient incentive for control of costs and not meet this test; other contracts may meet or surpass this test and yet not provide sufficient incentive for control of costs. In such cases, contracting officers should seek authority to deviate from this chapter (see § 18–1.109). Contracting officers shall still be guided by the criteria set forth in § 18–3.405–4 in negotiating meaningful incentive formulae.)

(c)(1) Under other cost-reimbursement definitive and letter contracts, other than facilities contracts, consent is required for:

(i) Subcontracts for fabrication, purchase, rental, installation, or other acquisition of special test equipment having a value in excess of $1,000 or of any items of industrial facilities, and

(ii) Subcontracts for research and development (where the clause in § 18–7.402–8 is used).

(2) Consent is also required for the following additional subcontracts under cost-reimbursement definitive and letter contracts, unless the contractor's procurement system has been approved:

(i) Cost-reimbursement, time and materials or labor-hour subcontracts; and

(ii) Fixed-price subcontracts exceeding either $25,000 or 5 percent of the total estimated prime contract price.

(3) See § 18–7.702–33 or § 18–7.703–25 for requirements for approval of subcontracts under facilities contracts.

(d) Purchases by a contractor from General Services Administration supply sources, under a written authorization by the contracting officer (see § 18–5.906), shall be treated as having been made with the consent of the contracting officer as required by the clause set forth in § 18–7.204–28 or § 18–7.403–23.

§ 18–23.201–3 Subcontracts clause for time and materials and labor-hour contracts.

See § 18–7.901–10 for requirements for approval of subcontracts under time and materials and labor-hour contracts.

§ 18–23.202 Consent to subcontracts.

(a) In reviewing for the purpose of granting consent, the contracting officer shall consider:

(1) The technical justification for selection of the particular supplies, equipment, or services;

(2) Whether the decision to enter into the proposed subcontract is consistent with the contractor's approved "make-or-buy" program, if any (see § 18–3.901);

(3) Whether the proposed subcontract will require the use of Government-furnished facilities and, if so, whether proper consideration has been obtained;

(4) The responsibility of the proposed subcontractor (see § 18–1.906);

(5) The basis for selecting the proposed subcontractor, including the price competition obtained;

(6) Any cost or price analysis or price comparisons accomplished, with particular attention to whether cost or pricing data are accurate, complete, and current, and to whether any required certification has been obtained (see § 18–3.807–3);

(7) The effectiveness of subcontract management by the prime contractor;

(8) The type of subcontract used (see Subpart 18–3.4);

(9) The estimated total extent of subcontracting, including procurement of parts and materials;

(10) The extent to which the prime contractor obtains assurance of the adequacy of the subcontractor's procurement system;

(11) Availability from Government sources of industrial facilities or special test equipment (see Subpart 18–13.3); and

(12) Whether consideration was given to the solicitation of small business and labor surplus area subcontract sources; and

(13) Whether the decision to obtain warranties from subcontractors conforms to the provisions of § 18–1.324 of this chapter.

(b) In reviewing subcontracts, careful and thorough evaluation is particularly necessary when:

(1) The prime contractors' procurement system or performance thereunder is considered inadequate;

(2) Subcontracts are for items for which there is no competition or for which the proposed prices appear unreasonable (see § 18–3.807–10(b));

(3) Close working arrangements or business or ownership affiliations exist between the prime and the subcontractor which may preclude the free use of competition or result in higher subcontract prices than might otherwise be obtained;

(4) A subcontract is being proposed at a price less favorable than that which has been given by the subcontractor to the Government, all other factors such as manufacturing period and quantity being comparable, or

(5) A subcontract is to be placed on a cost-reimbursement, time and materials, labor-hour, fixed-price incentive, or fixed-price redeterminable basis.

Where subcontracts have been placed on a cost-reimbursement, time and materials, or labor-hour basis, contracting officers should be hesitant to consent to the repetitive or unduly protracted use of such type of subcontracts and should follow the principles of § 18–3.803(b).

(c) Consent to a subcontract or relief from the requirement for obtaining consent, by virtue of the approval of the contractor's procurement system, does not constitute a determination as to the acceptability of the subcontract price (§ 18–23.201) or the allowability of costs (§ 18–7.203–8 or § 18–7.402–8). However, it should minimize the requirement for retroactive review of subcontracts, except cost-reimbursement subcontracts, for the purpose of determining reasonableness of cost, unless there is some indication that the costs may be unreasonable. In all cases, costs resulting from such subcontracts shall be subject to the test of allocability.

§ 18–23.203 Disputes and arbitration provisions in subcontracts.

(a) Consent by the contracting officer to a subcontract does not constitute approval of the terms and conditions of the subcontract. Nevertheless, the contracting officer shall not consent to a provision in the subcontract purporting to give the subcontractor the right to obtain a direct decision of the contracting officer or the right of direct appeal to the NASA Board of Contract Appeals. The Government is entitled to the management services of the prime contractor in adjusting disputes between himself and his subcontractors. The contracting officer should act only in disputes arising under the prime contract, and then only with and through the prime contractor, even if a subcontractor is affected by the dispute between the Government and the prime contractor. The contracting officer shall not participate in disputes between a prime contractor and his subcontractors.

(b) However, the contracting officer should not refuse consent to a subcontract, particularly under a cost-reimbursement contract, merely because it contains a clause giving the subcontractor, if he is affected by a dispute arising under the prime contract, an indirect appeal to the NASA Board of Contract Appeals through assertion of the prime contractor's right to take such an appeal, or through prosecution of such an appeal by the prime contractor on behalf of the subcontractor. Such a clause must not attempt to obligate the contracting officer or the Board to decide questions which do not arise between the Government and the prime contractor or which are not cognizable under the "Disputes" clause of the prime contract, and must not attempt to obligate the contracting officer to notify or deal directly with the subcontractor. However, such a clause may appropriately provide that the prime contractor and subcontractor shall be equally bound by the contracting officer's or the Board's decision on a dispute.

(c) The prime contractor and his subcontractor may agree to settle disputes by arbitration. The results of such arbitration and the cost resulting therefrom, however, are no more binding on the Government than are the results of a judicial determination or a voluntary settlement; they are subject to independent review and approval under the prime contract. The contracting officer shall not consent to provisions in subcontracts purporting to make the results of arbitration (or judicial determinations or voluntary settlements) binding on the Government.

§ 18–23.204 Additional contract clause.

Additional contract clauses with respect to subcontracting with small business and labor surplus area concerns are set forth in Subparts 18–1.7 and 18–1.8.

§ 18–23.250 Special contracting officer consent requirements for critical subcontracts.

If the contracting officer (in conjunction with the technical representative, when appropriate) determines that a proposed subcontract may be critical because of special considerations in the source selection, in the incentive arrangements, or other reasons, provisions shall be included in the "Schedule" of the prime contract (if not already provided for in the standard "Subcontracts" clause) for the contracting officer to consent to the critical subcontract prior to award by the contractor.

§ 18–23.251 Headquarters review of critical subcontracts.

If a requirement is established by the Headquarters Source Selection Official or the Director of Procurement for a Headquarters review of a critical subcontract prior to its award, the contracting officer shall:

(a) Include a provision in the contract "Schedule" (if not already provided for in the standard "Subcontracts" clause) for advance notification and consent of the contracting officer prior to award of the subcontract; and

(b) Prior to consenting to the subcontract, submit to the Director of Procurement, NASA Headquarters (Code KDP–3) for review the:

(1) Subcontract;

(2) Contractor documentation in support of the subcontract including that documentation required by notification provisions of the "Subcontracts" clause, and

(3) Contracting officer's review and evaluation (in accordance with § 18–23.202) with appropriate recommendations. Consent shall not be granted by the contracting officer until notification (with limitations and objections, if any) is received from the Director of Procurement.

PART 18–24—DISPOSITION OF PERSONAL PROPERTY IN POSSESSION OF CONTRACTORS

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AUTHORITY: The provisions of this Part 18-24 issued under 42 U.S.C. 2473(b)(1).

§ 18-24.000 Scope and applicability of part.

This Part 18-24 establishes uniform policies and procedures relating to the reporting, redistribution, and disposal of property which forms the basis of a claim against the Government, and other excess property when title is vested in the Government (see § 18-24.101-5). This part is not applicable to the disposal of real property or to property where the Government has a lien or title solely as a result of advance or progress payments when such payments have been liquidated. When plant clearance is delegated to the Department of Defense or to another Federal agency in accordance with the provisions of Subpart 18-51.3, only those provisions of this Part 18-24 pertaining to the redistribution, utilization screening and functional management responsibilities will be applicable.

§ 18-24.001 Policy.

It is the policy of NASA, notwithstanding the absence of any contractual provision relating to a plant clearance period, to effect plant clearance of property to which this part applies as quickly as possible, consistent with efficient operation. Disposition shall be effected with the view of achieving maximum economic reutilization of excess property or of obtaining the greatest possible return on the sale or other disposition of surplus property.

Subpart 18-24.1—General

§ 18-24.101 Definitions.

As used in this part, the following terms have the meaning stated below.

§ 18-24.101-1 Automatic release date (ARD).

"Automatic release date" (ARD) means the date on which screening for Federal utilization is completed and the property is determined not to be needed for any Federal use. The date signifies the transition from excess to surplus, but does not include the donation screening period.

§ 18-24.101-2 Common item.

"Common item" means material which is common in nature to the applicable Government contract and the contractor's other work.

§ 18-24.101-3 Contract auditor.

"Contract auditor" means the auditor assigned the responsibility for performing financial reviews and analyses requiring access to the contractor's records supporting cost data.

§ 18-24.101-4 Contractor-acquired property.

"Contractor-acquired property" means property procured or otherwise provided by the contractor for the performance of a contract, whether or not the Government has title by the terms of the contract, or exercises its contractual right to take title.

§ 18-24.101-5 Contract inventory.

"Contract inventory" means:

(a) Any property acquired by and in the possession of a contractor or subcontractor (including Government-furnished property) under a contract pursuant to the terms of which title is vested in the Government, and in excess of the amounts needed to complete full performance under the entire contract; and

(b) Any property which the Government is obligated to or has an option to take over under any type of contract as a result either of any changes in the specifications or plans thereunder or of the termination of such contract (or subcontract thereunder), prior to completion of the work, for the convenience or at the option of the Government.

§ 18-24.101-6 NASA excess property.

"NASA excess property" means contractor inventory which has been determined to be unnecessary to the needs and discharge of the responsibilities of all NASA installations.

§ 18-24.101-7 Government-furnished property.

"Government-furnished property" is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor.

§ 18-24.101-8 Industrial plant equipment.

"Industrial plant equipment" means that part of plant equipment with an acquisition cost of $1,000 or more (see § 18-13.312).

§ 18-24.101-9 Line item.

"Line item" means a single line entry on a reporting form from any one contract at any one location which indicates a quantity of property having the same description and condition code.

§ 18-24.101-10 Material.

"Material" means property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed or expended in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies which may be consumed in normal use in the performance of the contract.

§ 18-24.101-11 Narcotics.

"Narcotics" means the following drugs or preparation thereof:

(a) Opium, coca leaves, or cocaine;

(b) Isonipecaine (demerol);

(c) Marijuana (Cannabis Sativa L.); or

(d) Any drug found by the Secretary of the Treasury and proclaimed by the President to have an addiction-forming or addiction sustaining liability similar to morphine or cocaine, such as methadon (dolophine, adonon) and nisentil.

§ 18-24.101-12 Personal property.

"Personal property" means property of any kind or any interest therein, except real property as defined in B.102-8.

§ 18-24.101-13 Plant clearance.

"Plant clearance" means all actions related to the screening, redistribution, and disposal of contractor inventory from a contractor's plant or worksite. (Contractor's plant includes a Government facility when contractor-operated.)

§ 18-24.101-14 Plant clearance officer.

"Plant clearance officer" means the Government representative assigned the responsibility for plant clearance. He is an authorized representative of the contracting officer.

§ 18-24.101-15 Plant clearance period.

"Plant clearance period" means a period beginning with the effective date of the termination for convenience and ending, for each particular property classification (such as raw materials, purchased parts, and work in process) at any one plant or location, 180 days after receipt by the termination contracting officer of acceptable inventory schedules covering all items of that particular property classification in the termination inventory at that plant or location, or ending on such later date as may be agreed to by the termination contracting officer and the contractor. Final phase

of a plant clearance period means that part of a plant clearance period after the receipt of acceptable inventory schedules covering all items of the particular property classification at the plant or location.

§ 18–24.101–16 Plant equipment.

"Plant equipment" means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.

§ 18–24.101–17 Production scrap.

"Production scrap" means material generated as a scrap in the normal production processes having only a remelting or reprocessing value, including textile clippings, metal clippings, chippings, borings, turnings, and similar types of scrap, including faulty castings and forgings.

§ 18–24.101–18 Public body.

"Public body" means any State, or possession of the United States, any political subdivision thereof, the District of Columbia, Puerto Rico, any agency or instrumentality of any of the foregoing, any Indian tribe, or any agency of the Federal Government.

§ 18–24.101–19 Radioactive material.

"Radioactive material" means any item or material which is in itself radioactive or which is contaminated with radioactive material giving readings in excess of background radiation as measured on an instrument designed specifically for the type of radiation being emitted.

§ 18–24.101–20 Reportable property.

"Reportable property" means contractor inventory which must be reported or screening in accordance with this part prior to disposal as surplus.

§ 18–24.101–21 Reporting activity.

"Reporting activity" means the NASA installation or the activity which has been delegated to perform contract administration (see § 18–51.301(b)) and initiates Standard Form 120, Report of Excess Personal Property.

§ 18–24.101–22 Salvage.

"Salvage" means property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

§ 18–24.101–23 Scrap.

"Scrap" means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

§ 18–24.101–24 Screening completion date (SCD).

"Screening completion date (SCD)" means that date on which all screening required by this part is to be completed, including screening within the Government and donation screening.

§ 18–24.101–25 Serviceable or usable property.

"Serviceable or usable property" means property that has reasonable prospect of use or sale either in its existing form or after minor repairs or alterations.

§ 18–24.101–26 Special tooling.

"Special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(a) Consumable property;

(b) Special test equipment; or

(c) Building, nonserverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

§ 18–24.101–27 Special test equipment.

"Special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment, but does not include:

(a) Consumable property;

(b) Special tooling; or

(c) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

§ 18–24.101–28 Surplus property.

"Surplus property" means contractor inventory not required within NASA or by other Federal agencies.

§ 18–24.101–29 Termination inventory.

"Termination inventory" means any items of physical property purchased, supplied, manufactured, furnished, or otherwise acquired for performance of the terminated contract and properly allocable to the terminated portion of the contract. The term does not include any facilities, special test equipment, material, or special tooling which are subject to a separate contract or a special contract provision governing the use or disposition thereof. Termination inventory may include contractor-acquired property and Government-furnished property as defined in §§ 18–24.101–4 and 18–24.101–7.

§ 18–24.101–30 Space property.

"Space property" means personal property which is peculiar to aeronautical and space programs of NASA, and is not otherwise included in the categories of property set forth in §§ 18–13.101–4, 18–13.101–5, 18–13.101–6 and 18–13.101–8. It includes such items as aircraft, engines, space vehicles, and other similar components and related support equipment furnished for use as a standard or model, to establish equipment compatibility, or for such other similar reasons as may be determined by the contracting officer.

§ 18–24.102 Appointment, duties, and responsibilities of the plant clearance officer.

Heads of installations shall appoint a plant clearance officer (§ 18–24.101–14) who shall be responsible for:

(a) Providing the contractor with instructions and advice regarding the proper preparation of inventory schedules;

(b) Accepting or rejecting inventory schedules and DD Form 1342;

(c) Conducting or arranging for inventory verification and preparation of DD Form 1642, Inventory Verification Survey;

(d) Initiating prescribed screening and effecting resulting transfer and donation actions;

(e) Final plant clearance of contractor inventory;

(f) Preinventory scrap determinations, as appropriate;

(g) Evaluating the adequacy of the contractor's procedures for effecting property disposal actions;

(h) Determining method of disposal;

(i) Surveillance of contractor-conducted sales;

(j) Accounting for all contractor inventory reported by the contractor;

(k) Advising and assisting, as appropriate, the contractor, NASA installations, other Federal agencies, or NASA Headquarters in all actions relating to the proper and timely disposal of contractor inventory;

(l) Approving method of sale, evaluating bids, and approving sale prices for contractor-conducted sales subject to any required review by the Property Disposal Review Board;

(m) Recommending the reasonableness of selling expenses on contractor-conducted sales;

(n) Securing antitrust clearance, as required;

(o) Providing technical guidance and assistance to the Property Disposal Review Board when requested;

(p) Advising the contracting officer on all property disposal matters;

(q) Contracting for packing, crating and handling costs incident to the removal of Government property from the contractor's plants, when appointed a contracting officer in accordance with Subpart 18–1.4; and

(r) Employing, when appropriate, such services as may be available from the General Services Administration.

Subpart 18–24.2—Methods of Disposal

§ 18–24.201 Disposal—general.

(a) Contractor inventory classified by reason of security, unless the classification is removed by proper authority, shall be disposed of in accordance with applicable security regulations or as otherwise directed by the contracting officer.

(b) Contractor inventory dangerous to public health or safety shall not be donated or otherwise disposed of unless rendered innocuous or until adequate safeguards have been provided.

§ 18–24.201–1 Priorities.

Subject to the Government exercising its rights to require delivery of any items of contractor inventory to satisfy known Government requirements, contractor inventory shall be disposed of by the following methods in the priority indicated:

(a) Purchase or retention, by prime contractor or subcontractor, of contractor-acquired property at cost;

(b) Return of contractor-acquired property to suppliers;

(c) Utilization within the Government (through application of prescribed screening procedures);

(d) Donation to eligible donees;

(e) Sale (including purchase or retention at less than cost by the prime contractor or subcontractor);

(f) Donation to public bodies in lieu of abandonment; or

(g) Abandonment or destruction.

§ 18–24.201–2 General restrictions on contractor's authority.

The following general restrictions are in addition to specific restrictions set forth in this Subpart 18–24.2.

(a) The authority of a contractor to purchase, retain, or dispose of contractor inventory or to authorize or approve a purchase, retention, or disposition by a subcontractor is subject to:

(1) Any applicable Government restrictions on the disposition of property which is either classified by reason of security or is dangerous to public health, safety, or welfare, and

(2) Any contract provisions regarding the disposition;

(b) A contractor, when authorized to sell contractor inventory, shall not sell such inventory to persons known by him to be NASA employees, or civilian or military personnel of the Department of Defense who were or are engaged in the administration or termination of NASA contracts.

(c) The authority of a contractor to approve a sale, purchase, or retention at less than cost, by a subcontractor, and the authority of a subcontractor to sell, purchase, or retain at less than cost, contractor inventory with the approval of the next higher tier contractor does not include authority to approve:

(1) A sale by a subcontractor to the next higher tier contractor or to an affiliate (see § 18–2.201–1(a)(23)) of such contractor or of the subcontractor, or

(2) A sale, purchase, or retention at less than cost, by a subcontractor affiliated with the next high tier contractor.

Each excluded sale, purchase, or retention requires the written approval of the plant clearance officer.

§ 18–24.202 Contractor-acquired property—Purchase or retention at cost, or return to suppliers.

§ 18–24.202–1 Purchase or retention at cost.

(a) Contractors shall be encouraged to purchase or retain contractor-acquired property at cost. No part of the cost of property so purchased or retained shall be included as a claim for reimbursement against the Government. Under cost-reimbursement type contracts, appropriate adjustments shall be made for previously reimbursed costs. When a contractor purchases or retains any allocable contractor-acquired property for use in other continuing Government contracts or commercial operations, handling and transportation charges necessitated by the purchase or retention of such property may be considered as allowable cost (included in contractor's settlement proposal as other costs in case of termination); *Provided*, That such costs are reasonable.

(b) When property purchased or retained is for use on a continuing Government contract and is not in excess of the quantitative requirements for completion of that contract, that property shall be considered properly allocable to the continuing contract if that contract is subsequently terminated, even though its procurement would otherwise constitute undue anticipation of production schedules. If, as a result of the purchase or retention of property from a terminated contract for use on other Government contracts, the contractor terminates subcontracts under the other Government contracts, the charges incurred by reason of the termination of such subcontracts may be included as an allocable cost under the contract which generated excess property. When diversion of material in this manner is planned, a careful cost evaluation shall be made to assure that these costs are reasonable in comparison to the cost of property to be diverted.

§ 18–24.202–2 Return of property to suppliers.

Contractors are authorized and shall be encouraged to return allocable quantities of contractor-acquired property to suppliers for full credit less the supplier's normal restocking charge or 25 percent of cost, which ever is less. Contractors may be reimbursed for reasonable transportation, handling, and restocking charges with respect to the property so returned, but shall not be reimbursed for the cost of the property returned to suppliers in accordance with this section. Under cost-reimbursement type contracts, appropriate adjustments shall be made for previously reimbursed costs.

§ 18–24.202–3 Cost-reimbursement type contracts.

Under cost-reimbursement type contracts property purchased or retained by the contractor or returned to suppliers, in accordance with §§ 18–24.202–1 and 18–24.202–2, shall not be reported on inventory schedules. Individual transaction approvals shall not be required, but such transactions shall be subject to review on a periodic basis by procurement personnel in coordination with the contract auditor to assure that the Government's interest is fully protected.

§ 18–24.203 Inventory schedules.

§ 18–24.203–1 Submission of inventory schedules.

(a) Contractor inventory (see § 18–24.101–5) shall be reported by the contractor to the procurement office on inventory schedules promptly after it is determined to be excess or at such later time as may be contractually authorized. Inventory schedules of subcontractors shall be processed in accordance with § 18–24.212. Contractor-acquired property purchased or retained pursuant to § 18–24.202 shall not be listed. Partial schedules may be submitted when they cover substantial portions of a particular property classification of excess inventory. Each schedule submitted shall be identified by the contractor as "partial" or "final." Submission shall not be delayed in order to supply complete cost data on items of work in process where data is not readily available.

(b) The contractor may submit machine listings of inventory, provided, that all essential elements of data for preparing inventory schedules as prescribed in this part and as outlined in DD ASPR Form 1115 (NASA Edition), Instructions in Preparing Inventory Schedules of Contractor Inventory, are included thereon, and an appropriate signed inventory schedule form is submitted as a cover sheet.

(c) With respect to termination inventory reported in accordance with § 18–24.203–2 Government-furnished property and contractor-acquired property shall be grouped separately on the schedule, clearly identified as either Government-furnished or contractor-acquired, and subtotals provided for each group.

(d) Thirty copies of each inventory schedule listing serviceable and usable property requiring screening in accordance with this part and five copies of each inventory schedule for property not requiring screening (see § 18–24.205–1(d)) shall be submitted to the plant

clearance officer, unless a different quantity is prescribed by the plant clearance officer.

(e) Industrial Plant Equipment (IPE) (see § 18–13.312) shall be reported on DD Form 1342, DOD Property Record and processed in accordance with B.306–1 or C.306–1.

§ 18–24.203–2 Separate schedules.

(a) Separate sets of schedules shall be submitted on DD Form 542 through 545 series and DD Form 832 for serviceable or usable contractor inventory as follows:

(1) Property having a line item acquisition cost of more than $300; and

(2) Property having a line item acquisition cost of $300 or less.

(b) Contractor inventory having a line item acquisition cost of more than $300 shall be grouped separately as follows:

(1) Space material and equipment;

(2) Electronic material and equipment;

(3) Special test equipment; or

(4) Other serviceable or usable property, excluding special tooling.

(c) Separate sets of schedules shall also be submitted for contractor inventory without regard to acquisition cost as follows:

(1) Serviceable or usable special tooling;

(2) Scrap;

(3) Salvage; or

(4) Property bearing a security classification, regardless of condition or value.

(d) Grouping of property by the contractor shall be subject to the approval of the plant clearance officer.

§ 18–24.203–3 Inventory descriptions.

Inventory schedules submitted in accordance with §§ 18–24.203–1 and 18–24.203–2, shall be prepared in accordance with instructions prescribed in this part and as outlined by DD ASPR Form 1115 (NASA Edition), Instructions in Preparing Inventory Schedules of Contractor Inventory. The contractor shall consult the plant clearance officer when in doubt as to the extent of description required. Inventory judged to be salvage shall be described in sufficient detail to reflect salvage potential.

§ 18–24.203–4 Inventory schedule certificate.

When termination inventory is reported on inventory schedules, the prime contractor, or the subcontractor having title to the property, shall execute the Inventory Schedule Certificate. When contractor inventory, other than termination inventory, is reported on inventory schedules, the prime contractor shall execute the Inventory Schedule Certificate, irrespective of the location of the property. The original and three copies or reproducible masters of each inventory schedule shall be signed by an authorized official of the contractor.

§ 18–24.203–5 Common items.

Except for property, delivery of which has been required by the Government, and except for Government-furnished property, under no circumstances shall the contractor's inventory schedules include any items reasonably usable on other work of the contractor without loss to the contractor (see § 18–15.205–42).

§ 18–24.203–6 Withdrawals from inventory schedules.

If at any time prior to final disposition any items of contractor-acquired property listed in the contractor's inventory schedules becomes reasonably usable on other work of the contractor without loss to him and this fact is know to the contractor, he must purchase or retain such items at cost in accordance with §18–24.202, and shall amend his inventory schedules and his claim accordingly. Upon notification to the plant clearance officer, the contractor may similarly purchase or retain at cost any other items of property included in his inventory schedules. Withdrawal of any Government-furnished property included in inventory schedules is subject to written approval by the plant clearance officer. If withdrawal occurs after screening has started, the plant clearance officer shall immediately notify the appropriate screening activity.

§ 18–24.203–7 Acceptance of inventory schedules.

(a) Upon receipt of inventory schedules from the contractor, the plant clearance officer shall review the schedules and determine their acceptability. If the schedules are acceptable, the plant clearance officer shall within 15 days execute and transmit to the contractor a DD Form 1637, Notice of Acceptance of Inventory. If any inventory schedule or DD Form 1342 is found to be inadequate, the plant clearance officer shall notify the contractor in writing of the deficiencies within 15 days of the receipt of such schedules. The contractor shall be required to correct or supplement the schedules or DD Form 1342 as to the items which are deficient. Inventory schedules shall not be rejected if the information contained therein is adequate for disposal purposes, even if complete cost data on work in process are not available. Rejection of an inventory schedule shall be limited when possible to specific items thereon and shall not necessarily render the entire schedule unacceptable. Should substantial errors develop which were not apparent from termination inventory schedules previously deemed acceptable, the final phase of a plant clearance period shall not commence until corrected schedules have been submitted, unless the plant clearance officer determines that no unwarranted delay in disposal operations was occasioned thereby.

(b) Verification of inventory: When property is reported excess by a contractor it is necessary that the interests of the Government be protected by assuring that property is physically, quantitatively, and technically allocable to the contract in question and cannot reasonably be diverted to other work of the contractor. The plant clearance officer, who is responsible for disposal of contractor inventory, is also responsible for the adequacy of allocability reviews. In carrying out this responsibility, the plant clearance officer shall establish close coordination with and request the assistance of the contract auditor, quality assurance representative, production specialist, price analyst, property administrator, or other qualified personnel, as appropriate, when such assistance is necessary. It will be the plant clearance officer's responsibility to assure that adequate verification is accomplished to determine that:

(1) Inventory is present at the location indicated;

(2) It is allocable to the modified, completed, or terminated contract or the terminated portion thereof;

(3) Quantity and condition are correctly stated; and

(4) The contractor has endeavored, where practicable, to divert to other work or to return contractor-acquired property to supplier for appropriate credit.

Verification may be performed by resident Government personnel prior to the formal submission of inventory schedules to the plant clearance officer. Screening prescribed in § 18–24.205 shall not be withheld after receipt of acceptable inventory schedules pending completion of inventory verification. The results of the verification shall be recorded on DD Form 1642, Inventory Verification Survey, in accordance with instructions for performing inventory verification set forth in § 18–24.302–1. A copy of the completed survey form shall be furnished the appropriate contracting officer. Upon completion of inventory verification, the plant clearance officer shall take immediate action to correct any discrepancies noted, including coordination with the contractor, contracting officer, or property administrator, and screening activities, as appropriate. When a controversy arises with respect to allocability, the contractor shall be required to substantiate his position with appropriate documentation which the plant clearance officer shall evaluate and forward to the contracting officer with his recommendations for decision.

§ 18–24.204 Scrap.

§ 18–24.204–1 General.

Scrap need not be itemized on inventory schedules if (a) the material is physically segregated in the contractor's plant, and (b) the contractor submits a statement describing the material generally, setting forth its approximate cost, and giving such other information as may be necessary for the plant clearance officer to determine whether the property is scrap. Promptly after the submission of inventory schedules, by the contractor, the plant clearance officer shall review, or cause to be reviewed the contractor's treatment of any items of contractor inventory as scrap. The review shall include a careful examination of the inventory schedules and, in appropriate cases, physical inspection of the property involved. Prior to authorizing disposal of items as scrap, the plant

clearance officer shall obtain such approval as may be required by § 18–24.211.

§ 18–24.204–2 Preinventory scrap determinations.

The contractor may request the plant clearance officer to make a preinventory scrap determination of inventory considered by the contractor to be without value except as scrap. These preinventory scrap determinations shall be based on onsite surveys and approved, if required, pursuant to § 18–24.211. If the contractor's scrap recommendation is approved, the contractor may make a single descriptive entry on an inventory schedule covering that property and indicating its approximate total cost. If the plant clearance officer determines that any of the property listed by the contractor as scrap is serviceable, usable, or salvable, the contractor shall, in accordance with this determination, submit appropriate inventory schedules. If the determination is made subsequent to the submission of a scrap inventory schedule, the contractor shall be required to submit revised inventory schedules in proper form.

§ 18–24.204–3 Segregation.

Property determined to be scrap shall be segregated by the contractor to the extent necessary to assure the highest net proceeds. In appropriate cases, when approved by the plant clearance officer, these sales may be consolidated with the contractor's sales of scrap generated from his other work and, in such cases, the scrap warranty required by § 18–24.204–5 may be waived at the discretion of the plan clearance officer.

§ 18–24.204–4 Contractor's approved scrap procedure.

(a) When a contractor has an approved scrap procedure, certain property may be routinely disposed of in accordance with that procedure and not processed under this part. Production scrap, as defined in § 18–24.101–17, and production spoilage, may be disposed of through the contractor's approved scrap procedure. In addition, worn, broken, mutilated, or otherwise rejected parts excess to overhaul and repair contracts, may be similarly processed with the approval of the plant clearance officer.

(b) A plant clearance case shall not be established nor shall approval in accordance with § 18–24.211 be required for property which is disposed of through the contractor's approved scrap procedure.

(c) The contractor's scrap and salvage procedures, particularly the sales aspects thereof, shall be reviewed by the plant clearance officer prior to its approval by the property administrator. The plant clearance officer shall assure that the procedure contains adequate requirements for inspection and examination of items to be disposed as scrap. When the contractor's approved scrap procedure does not require physical segregation and disposition of Government-owned from contractor-owned scrap, care shall be exercised to assure that a contract change, which generates a large quantity of property, does not result in an inequitable return to the Government. In these cases, a determination shall be made as to whether separate disposition of Government scrap would be appropriate.

(d) Scrap, other than that disposed of through the contractor's approved scrap procedure, shall be reported on appropriate inventory schedules for disposition in accordance with the provisions of this part.

§ 18–24.204–5 Scrap warranty.

(a) If contractor inventory is sold as scrap, including sale to the holding contractor, a scrap warranty in the form outlined in DD Form 1639, Scrap Warranty, shall be included as a special condition of sale, unless the requirement is waived pursuant to paragraph (d) of this section.

(b) The scrap warranty may be released on behalf of the Government by the contracting officer (TCO for termination inventory), if, as consideration for the release, the Government is paid the difference between (1) the price for which the material was sold as scrap, and (2) an amount not less than that which the material could reasonably be expected to bring if it were sold at a fair and reasonable price for purposes other than use as scrap. The release of the scrap warranty shall be given by the Government and the consideration paid to the Government, even though the contract containing the warranty was not made directly with the Government.

(c) In the event of resale of any material subject to a scrap warranty, the seller is required to obtain an appropriate scrap warranty from the purchaser. Upon tender of this warranty to the Government, the seller shall be released by the Government from liability under his own warranty.

(d) The scrap warranty requirement may be waived by the plant clearance officer in circumstances described in § 18–24.204–3 and whenever it can be clearly established that such a waiver would not adversely affect the Government's interest. A written justification supporting the waiver shall be prepared and placed in the case file.

§ 18–24.205 Screening of contractor inventory.

§ 18–24.205–1 General.

(a) To promote maximum utilization within the Government, serviceable or usable property included in the contractor's inventory schedules shall be screened prior to disposition by donation or sale. The plant clearance officer shall arrange, in such a manner as to avoid interruption of the contractor's operations, for physical inspection of such property at the contractor's plant if requested by prospective transferees. All transfers of property within NASA or other agencies of the Government shall be without reimbursement. Costs incident to transfers, including packing, crating, preparation for shipment, loading and transportation, which are not the responsibility of the contractor, shall be borne by the transferee.

§ 18–24.205–2 Procedure.

(a) The contracting officer will submit approved termination inventory schedules and excess property listings, as furnished by the contractor, to the plant clearance officer for appropriate redistribution or utilization.

(b) Plant clearance officers will forward copies of termination inventory schedules and excess property listings to the installation technical personnel associated with the contract on which the property was generated. To eliminate unnecessary redistribution and utilization actions, the technical personnel will be requested to review the property listings and inventory schedules and advise the plant clearance officer on the feasibility of further use of the property by NASA or other Government agency.

(c) Based upon the determination of the contracting officer and the advice of the technical personnel, the plant clearance officer will initiate action with regard to transfer to other contractors, redistribution or utilization of the property as follows:

(1) Property which is considered to be excess by the contracting officer and technical personnel to other contract requirements will be subject to review by the plant clearance officer for possible utilization at the installation, screening by NASA installations, or reporting to the General Services Administration.

(2) The extent of screening the excess property throughout NASA will be determined by the plant clearance officer. Line items having an acquisition cost of less than $300 need not be screened by NASA installations unless the plant clearance officer determines it is to the best interest of NASA to do so.

(3) To insure prompt screening throughout NASA the following limitations generally will apply:

(i) Screening by contracting officer and technical personnel associated with the contract—5 days,

(ii) Screening within the installation having contract jurisdiction—5 days,

(iii) Screening by all other NASA installations—20 days.

(d) During the NASA screening period, the plant clearance officer will comply with and process any properly executed shipping instructions issued by other NASA installations.

(e) Compliance with shipping instructions will be accomplished in the order in which the requests are received.

(f) In the event such property is not available after receipt of shipping instructions, the installation issuing such instructions will be notified immediately by the plant clearance officer, giving reasons for nonavailability.

(g) Upon the expiration of the final NASA screening period, excess property reportable to the General Services Administration will be reported in accordance with the provisions of Subchapter H, Part 101–43 of the Federal Property Management Regulations.

(h) Shipping instructions received on excess property reported to the General Services Administration for screening will be processed in accordance with the provisions of Subchapter H, Part 101–43 of the Federal Property Management Regulations.

§ 18–24.205–4 Special screening procedures.

(a) *General.* For the special categories of property identified in this section, standard screening requirements in § 18–24.205 are superseded or modified by the procedure set forth for each category.

(b) *Standard components of special test equipment.* (1) Contractors reporting special test equipment for disposal which contain standard, general or multipurpose components will adequately describe the composite unit to clearly reflect its capability and will further list and describe, in sufficient detail to permit screening all such standard components which can be economically removed and reused.

(2) In the event the contractor has a continuing requirement for the standard components to meet other approved special test equipment or facilities requirements, he shall annotate the DD Form 545 to indicate his requirement for such standard components. Screening shall be accomplished in accordance with § 18–24.205–2 and the screening activity shall be requested to advise whether they shall have a requirement for the composite unit or any of the standard components which have not been annotated as being required by the contractor. If the composite unit is not required by NASA the contractor shall have first priority for those standard components which have been approved for transfer by the contracting officer.

(3) Standard components, except those categorized as industrial plant equipment, which have not been selected by the contractor or NASA installation shall be screened in accordance with § 18–24.205–2. If the standard components are categorized as industrial plant equipment which can be economically removed and reused, and have not been annotated for retention by the contractor, DD Form 1342 shall be prepared and submitted to the plant clearance officer concurrently with the DD Form 545.

(4) Standard components shall not be removed from the composite unit until the requirements for the items have been established. If no requirements exist, the composite units shall be disposed of in accordance with §§ 18–24.206 and 18–24.207.

(c) *Nuclear materials.* (1) The possession, use, and transfer of certain nuclear materials are subject to the controls of the U.S. Atomic Energy Commission (AEC) pursuant to the Atomic Energy Act of 1954, as amended. The materials are:

(i) "Byproduct material"—meaning any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to the process of producing or utilizing special nuclear material (see AEC Regulation 10 CFR, Part 30);

(ii) "Source material" meaning—

(*a*) Uranium, thorium, or any other material which is determined by AEC pursuant to the provisions of the Atomic Energy Act of 1954, as amended, to be source material, or

(*b*) Ores containing one or more of the foregoing materials, in such concentration as the AEC may, by regulation, determine from time to time (see AEC Regulation 10 CFR, Part 40); and

(iii) "Special nuclear material" meaning—

(*a*) Plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which the AEC, pursuant to the provisions of the Atomic Energy Act of 1954, as amended, determines to be special nuclear material, or

(*b*) Any material artificially enriched by any of the foregoing (see AEC Regulation 10 CFR, Part 70).

(2) Excess nuclear material in the categories described above shall be disposed of in accordance with instructions provided in the license agreement between the contractor in possession and the AEC. In the absence of specific instructions, excess materials described above shall be reported by letter to the Property and Supply Division, NASA Headquarters. The nature of the material, quantity, location, and ownership shall be indicated.

(d) *Strategic and critical materials.* Subject to the minimum quantity requirements set forth below, all strategic and critical materials listed, when determined to be excess as the result of screening in accordance with § 18–24.205–2, shall be reported by the holding agency to the Property Management and Disposal Service (PMDS), General Services Administration, Washington, D.C. 20405, which will determine whether they shall be transferred to the General Services Administration for stockpiling:

(1) Upon determination that the materials are excess, the holding agency shall notify the PMDS by letter showing the location and quantity and describing the material in sufficient detail as to chemical or other composition, specification, size, etc., to indicate the nature of each strategic material (complete purchase specifications or material content analyses shall be included whenever available); and

(2) The General Services Administration shall review the notification letter from the holding agency and, if the General Services Administration decides that the material appears to conform to stockpile requirements and is needed for stockpile objectives, it shall furnish the holding agency with complete reporting instructions, pursuant to which the holding agency shall submit a report on Standard Form 125, Report of Strategic and Critical Materials.

Materials	Types, grades, or forms to be reported	Minimum quantity at one location to be reported
Asbestos	Chrysotile fiber	2,000 pounds.
Copper	Electrolytic cathodes	Do.
	Electrolytic wire bars	
	Lake copper ingot bars	
	Fire refined copper ingot bars	
	Oxygen-free, high conductivity	
Corundum	Natural crystal	Do.
Ferrochromium-Silicon	Metal Alloy	Any quantity.
Ferrocolumbium	Alloy	Do.
Ferrotungsten	Metal	Do.
Fluorspar	Metallurgical grade, ores or concentrates	20 short tons.
Iridium	Metal	Any quantity.
Jewel Bearings	As determined by GSA	Do.
Mica	Muscovite Film, 1st and 2d qualities	100 pounds.
Morphine	Sulphate	Any quantity.
Palladium	Metal	Do.
Quinidine	Powder	100 ounces.
Quinine	Sulphate	Do.
Rutile	Ore	Any quantity.
Sapphire and Ruby	Boule	2,500 carats.
Silicomanganese	Low, medium, or high carbon	2,000 pounds.
Tantalum Metal	Capacitor grade-powder or ingot	Any quantity.
Thorium Oxide	Powder	Do.
Titanium	Sponge	Do.
Tungsten Metal Powder	Hydrogen reduced powder	Do.
Tungsten Carbide Crystalline	Powder	Do.
Tungsten Carbide Powder	do	Do.

Less than minimum quantities of strategic and critical materials shall be screened in accordance with the provisions of § 18–24.205–2.

(e) *Printing equipment.* Printing equipment (see NASA Policy Directive 1490.1, "NASA Printing Management Program" Attachment B) determined to be excess to a contract shall be reported to the installation Central Printing Management Office for screening. If advised that no NASA requirements exist, the reporting activity shall submit the listing of printing equipment to the General Services Administration for further utilization screening in accordance with § 18–24.205–2.

(f) *Motor vehicles.* When reporting vehicles assigned to Federal Supply Groups 23, 24, and 38 for screening pursuant to § 18–24.205–2, the estimated one-time cost of repairs (parts and labor) will be inserted in block 18b and used to assign a condition code for insertion in block 18c of Standard Form 120.

§ 18–24.205–7 Procurement of packing, crating, and handling services.

The contract administration office shall be responsible for the procurement

of packing, crating, and handling services. To accelerate plant clearance, appropriate data must be furnished by the transferee and shall be cited in the transfer or shipping document. The document shall not be forwarded to the contract administration office unless the required packing, crating, and handling funding data are furnished. Prior to procurement of packing, crating, and handling services, the contracting officer shall assure that the method employed is economical and in the best interests of the Government. Use of van-type shipments shall be explored as an additional means for savings resulting from reduction in packaging requirement and/or cost differential for shipment by van versus other methods of shipment.

§ 18–24.205–8 Procedures for automatic data processing equipment (ADPE).

(a) Those items of ADPE as defined in § 18–1.235 (regardless of FSC) which are Government-owned or which are leased by the contractor under terms which provide to the Government an option to purchase or other residual interests (including the right to use until expiration of the lease) will be reported to the Property Management Office of the Installation on Standard Form 120, "Report of Excess Personal Property". Normally the time required for acquisition studies required to select replacement equipment makes it possible to project the anticipated release date 180 days before the equipment is available for transfer. ADPE should be reported as soon as it is possible to project the release date. The following minimum reporting schedule shall, however, apply.

(1) Government-owned ADPE will be reported upon receipt of notice of complete termination or when it is determined that the property will no longer be needed on the contract. The release date assigned will be the last day of the plant clearance period or 180 days after the property becomes inactive. In the event of changes in release date, revised reports will be submitted.

(2) Leased ADPE, the total cost of which is charged to one or more cost-reimbursement type contracts, will be reported when it is determined that the property (or a major portion thereof) will no longer be needed on the contracts. In order to preclude unnecessary lease cost, the release date established shall not extend ADPE on rental beyond the date it can be released to the lessor. Prompt reporting of leased ADPE is necessary in order to afford an opportunity to reutilize the property and protect the Government's equity.

(b) With respect to leased equipment, the total cost of which is charged to one or more cost-reimbursement type contracts, a quotation shall be requested from the lessor projecting the reduced price at which the equipment may be purchased based on accumulated rental credits through the anticipated release date. A copy of this quotation should be attached to the Standard Form 120, but submission of the Standard Form 120 should not be delayed pending receipt of this information. If it is not available at that time, it should be provided when received.

(c) The following information will be reported on Standard Form 120:

(1) A complete list of each equipment item, identified by manufacturer's series and model number, and modifications and attachments applied to each component, including identification number if Government-owned; indicate type of maintenance contract, contractor, and monthly cost;

(2) A separate attachment, showing the time in service for each component, average utilization (hours per month) and average down-time per month for the 12-month period immediately preceding the report (if appropriate, a narrative description of any history of repeated equipment failure shall be included);

(3) A list of compilers and other software packages (such as executive routines), engineering drawings and maintenance manuals available with the equipment; and

(4) In the instances of a complete equipment configuration, information regarding power and air conditioning requirements.

(d) The Property Management Office of the installation shall control ADPE reported excess. Shipments shall be made upon receipt of requests approved by the Property Management Office.

§ 18–24.206 Sale of surplus contractor inventory.

§ 18–24.206–1 General.

(a) Surplus contractor inventory to be disposed of by sale will be reported to the appropriate General Services Administration regional office as required by Subchapter H, Part 101–45 of the Federal Property Management Regulation. Should the General Services Administration elect not to conduct the sale and provide authorization to the NASA installation to conduct the sale, it will be conducted, in accordance with the procedures provided in this part, by the contractor having possession of the property. The contractor is required to use his best efforts to sell contractor inventory in the manner, at the times, to the extent, and at the prices approved by the plant clearance officer. The contractor is not required to extend credit to any purchaser.

(b) Surplus contractor inventory included in the contractor's inventory schedules which has not been utilized or donated under § 18–24.205 and § 18–24.207 or retained at cost pursuant to § 18–24.202, shall be sold in accordance with § 18–24.206–2 at any time after notification by the plant clearance officer that screening has been accomplished. Any such purchase, retention, or sale shall be subject to the approval of the plant clearance officer. (See § 18–24.211 as to review by the Property Disposal Review Boards.)

(c) Description of property: Description of property must be adequate for identification by prospective bidders. Accuracy is essential and commercial terminology desirable. The original manufacturer and brand name shall be included, if appropriate. When property is boxed or packaged, information as to type of packaging shall be included.

(d) Condition: Condition shall be stated as "used" or "unused" and shall not be described as new. If unused property is still in manufacturer's original containers, a statement to that effect shall be included. Appropriate qualifying statements shall supplement the basic noun description, i.e., "well preserved," "some surface rusts," "repairs required," etc. Condition codes shall not be used. Because of its nonspecific meaning to the trade, the term "salvage" risks downgrading of the property in the bidder's viewpoint and shall not be used.

(e) Lotting shall be in accordance with the following:

(1) Unused items shall be lotted by make or manufacturer, except when quantities or dollar values are small;

(2) Commercially similar items shall be lotted together when practicable;

(3) Used and unused items shall be lotted separately, unless the quantity, value, or nature is such that it is uneconomical to sell separately;

(4) Within the bounds of economical considerations, the size of lots shall be influenced by an effort to encourage bidding by small businesses or individuals;

(5) No lot shall be so small that the administrative costs of selling will be disproportionate to the anticipated proceeds;

(6) An alternate bid for groups of items or for the entire offering may be solicited by use of an additional item described as follows:

Item _____ (Alternate Bid).
This item consists of all property listed and described in Items _____ to _____, inclusive. Award under this item may be made only if the highest acceptable bid on this item is equal to, or greater than, the total of the highest acceptable bids on Items _____ to _____, inclusive.

(f) Basis of sale shall be:

(1) *Unit price basis.* Items offered for sale shall require the bid price to be stated in terms of the quantity or weight generally applied by industry in the commercial sale of such items.

(2) *Lot price basis.* When a sales offering is made on a lot price basis, bids shall be requested only for the entire lot. Use of the lot price basis shall be held to a minimum, since it precludes adjustments. The lot price basis shall be used only when property cannot be sold by unit measure or the potential monetary recovery is small.

(g) Format of invitation: In large sales, a summary list of items offered shall be set forth and used as an item bid sheet, with detailed item descriptions on attached sheets.

(h) Bidder's lists: The plant clearance officer shall assure that commodity bidder's lists sufficient to obtain adequate competition in the sale of contractor inventory are maintained. The plant clearance officer may obtain additional listings, as required, from the appropriate General Services Administration regional office. Use of listings maintained by GSA is encouraged when extremely large quantities of property, special commodities, or unusual geographic location is involved.

(i) Auction, spot bid, and retail sales: Auction, spot bid, and retail sales shall not be utilized for selling contractor inventory, unless approved on an individual case basis by the Director, Property and Supply Division, NASA Headquarters.

§ 18–24.206–2 Competitive sales.

(a) *General.* Surplus contractor inventory shall be offered for sale on a competitive basis except as provided in Subchapter H, paragraph 101–45.304–2 of the Federal Property Management Regulation. To the extent feasible, subcontractors and suppliers should be solicited when additional competition is likely to result. The plant clearance officer shall provide the contractor with instructions relative to the method of soliciting bids and the basis for offering the property for sale (i.e., serviceable or scrap). The contractor's overall program, including all forms and procedures, shall be evaluated by the plant clearance officer and shall be subject to his surveillance. To the extent necessary, the plant clearance officer may reserve the right to approve individual sales offerings prior to distribution.

(b) *Solicitation of bids.* Contractors shall solicit bids by formal invitations and shall follow the formal bid procedures as provided below:

(1) Bids shall be solicited a minimum of 15 calendar days in advance of the opening of bids to allow bidders an adequate opportunity to inspect the property and prepare and formally submit bids;

(2) Invitations shall be circulated to a sufficient number of prospective bidders to assure wide competition, including the original suppliers and those prospective bidders designated by the plant clearance officer and the contractor;

(3) In addition to mailing or delivering a notice of the proposed sale to all prospective bidders, the contractor may supplement this sales method by—

(i) Displaying a notice of the proposed sale in appropriate public places;

(ii) Displaying a notice of the proposed sale in appropriate trade journals or magazines, or

(iii) Publishing a notice of the proposed sale in a newspaper of general circulation in the locality in which the property is located, when the results of such paid commercial advertising is expected to justify the additional expenses involved.

(4) When the acquisition cost of property to be sold at one time, at one place, is $250,000 or more, notice of each such proposed sale shall be transmitted to the U.S. Department of Commerce, Room 1300, 433 West Van Buren Street, Chicago, IL 60607. The notice shall be sent at as early a date as possible in advance of the sale but at least 20 days prior to the date when the bids will be opened, or, in the case of spot bid or auction sale, when the sale will be conducted. Such notice shall be transmitted by fastest mail available and shall be in synopsis form suitable for printing direct from the text so transmitted without editing or condensing. Double space lines will be used to describe each sales action; and the length of the line should be approximately 65, but not to exceed 69 character spaces and will contain the following information in the order listed: The name and address of the contractor who will issue the invitation; the name or title, address, and telephone number of the official from whom copies of the sales offering and other information can be obtained; a description of the property to be sold; when deemed desirable, the total estimated acquisition cost; the number of the invitation or sale; the date of the sale or bid opening, the types of sale, i.e., sealed bid, spot bid, or auction; and the location(s) of the property. The utmost care should be exercised in describing the types of property to be sold in order to assure interest by the maximum number of potential buyers but, at the same time, condense the information so that minimum space in the Department of Commerce publication will be required for printing. Where the acquisition cost is less than $250,000, such notice may be transmitted, when considered desirable, in accordance with the procedures prescribed above.

(c) *Formal invitations.* Sale by formal invitation shall include as a minimum general sale terms and conditions provided in § 18–24.302–8(a), and when necessary, special conditions in § 18–24.302–8(b). The plant clearance officer or his representative shall be present to witness bid openings. Within 2 working days after bid opening, the contractor shall submit to the plant clearance officer two copies of an abstract of all bids, signed by the witnessing Government representative. All awards shall be subject to the approval of the plant clearance officer as indicated in paragraph (e) of this section.

(d) *Bid reservations.* All invitations for bid shall reserve the right to reject any or all bids and shall require payment of the full purchase price prior to delivery of the property to the purchaser.

(e) *Approval of sale.* Bids shall be evaluated by the plant clearance officer to establish that the sale price is fair and reasonable in the light of reasonable knowledge or test of the market, due regard being given to current prices for products for which quotations are published and to the circumstances, nature, condition, quantity, and location of the property. Award shall be approved to that responsible bidder whose bid is most advantageous to the Government, price and other factors considered. Award shall not be approved to any bidder who would not be eligible to enter into a sales contract with NASA in accordance with the provisions of the Joint Consolidated List of Debarred, Ineligible and Suspended Contractors (see Subpart 18–1.6). If it is determined that an award to a contractor on a Joint Consolidated List would be in the best interest of the Government, the plant clearance officer shall request approval from the Director of Procurement, NASA Headquarters through the Director, Property and Supply Division.

(f) *Award by contractor.* The plant clearance officer shall notify the contractor of the bidder to whom an award shall be made (1) within 5 working days if Property Disposal Review Board approval is not required, and (2) within 2 working days after receipt of the Board decision if Property Disposal Review Board approval is required in accordance with § 18–24.211. The contractor shall make the award, collect the proceeds of sale, and release the property to the purchaser. The contractor shall provide the plant clearance officer with evidence of delivery reflecting actual quantities released to the purchaser.

§ 18–24.206–3 Negotiated sales.

(See Subchapter H, paragraph 101–45.304–2 of the Federal Property Management Regulation.)

§ 18–24.206–4 Proceeds of sale.

(a) When payments are due the contractor under the applicable contract, and unless otherwise provided in the contract, the proceeds of any sale, purchase, or retention shall be credited to the Government as part of the settlement agreement, or otherwise credited to the price or cost of the work covered by the contract, or applied in the manner directed by the contracting officer. The plant clearance officer will maintain an open suspense record until he has verified that credit has in fact been applied unless another Government representative has specifically assumed this responsibility.

(b) Proceeds from contractor-conducted sales which have not been credited as provided in paragraph (a) of this section shall be collected by the contractor and remitted to the plant clearance officer.

(c) All proceeds of sale remitted to the plant clearance officer shall be delivered to the NASA installation financial management or fiscal office. Transmittals shall identify the procurement contract by number and name of the contractor to assure that proceeds are processed in accordance with paragraph 9250–87 of the Financial Management Manual.

§ 18–24.206–5 Applicability of antitrust laws.

Whenever an award is proposed to any private interest of personal property with an acquisition cost to the Government of $3 million or more, or of a patent, process, technique, or invention, irrespective of cost, the selling NASA

installation shall promptly notify the Attorney General and the Administrator of the General Services Administration of the proposed disposal and the probable terms and conditions thereof. The installation shall include in the notification the following information:

(a) Location and description of property (specifying the tonnage if scrap);

(b) Proposed sale price of property (explaining the circumstances if proposed purchaser was not highest bidder);

(c) Acquisition cost of property to Government;

(d) Manner of sale, indicating whether by—

(1) Sealed bid (specifying number of purchasers solicited and bids received),

(2) Auction or spot bid (stating how sale was advertised), or

(3) Negotiation (explaining why property was not offered for sale by competitive bid);

(e) Proposed purchaser's name, address, and trade name (if any), under which it is doing business;

(f) If a corporation, give name of State and date of incorporation, and name and address of—

(1) Each holder of 25 percent or more of the corporate stock,

(2) Each subsidiary, and

(3) Each company under common control with proposed purchaser;

(g) If a partnership, give—

(1) Name and address of each partner, and

(2) Other business connections of each partner;

(h) Nature of proposed purchaser's business, indicating whether its scope is local, statewide, regional, or national;

(i) Estimated dollar sales volume of proposed purchaser (as of latest calendar or fiscal year);

(j) Estimated net worth of proposed purchaser; and

(k) Proposed purchaser's intended use of property.

Upon request, the selling NASA installation shall furnish the Attorney General such additional information as it may possess concerning the proposed disposition. The Attorney General will advise the installation whether the proposed disposition would tend to create or maintain a situation inconsistent with the antitrust laws. A copy of the notification furnished the Attorney General will be forwarded by the selling NASA installation to the Director, Property and Supply Division, NASA Headquarters.

§ 18–24.206–6 Foreign contractor inventory.

(See NASA Management Instruction 4340.2, "Disposal of Foreign Excess Personal Property".)

§ 18–24.207 Donations.

Donations of surplus personal property is authorized for educational, public health, and civil defense purposes, including research, when approved by the Department of Health, Education, and Welfare, and the General Services Administration (see Federal Property Management Regulation Subchapter H, Part 101–44).

§ 18–24.208 Destruction or abandonment.

Destruction or abandonment of surplus personal property may be accomplished only after every effort has been made to effect disposition by other authorized disposal methods. NASA Form 812, "Determination and Authorization to Abandon or Destroy Surplus Property" properly executed, reviewed, and approved by the installation Property Disposal Review Board and the Director, Property and Supply Division, when required, will be utilized to abandon or destroy surplus personal property. No personal property shall be abandoned or destroyed on a contractor's premises without the contractor's consent.

§ 18–24.209 Removal and storage.

§ 18–24.209–1 General.

Contractor inventory shall be removed from the contractor's premises as expeditiously as possible to facilitate clearance of the contractor's plant or work area and to preclude the possibility of incurring storage expenses.

§ 18–24.209–2 Special storage at the risk of the contractor.

When the contractor finds it necessary to remove property from his premises prior to completion of disposal action, or prior to expiration of the plant clearance period in the case of a termination, he may, upon written notice to the plant clearance officer, store any items of inventory not previously disposed of in a warehouse or other storage location on or off his own premises, unless otherwise directed by the plant clearance officer within 10 days of the receipt of such notice by the plant clearance officer. Such storage shall in no way modify the responsibility of the contractor with respect to such property. The expense of such storage, including any cost incident to the transportation to and from the storage area, shall be borne by the contractor and shall not be charged directly or indirectly to Government contracts, unless the contracting officer determines that such expense is for the convenience of the Government.

§ 18–24.209–3 Special storage at the expense and risk of the Government.

(a) Contractor inventory will be stored only when a determination is made that such inventory should be retained in storage for future anticipated use. When the determination has been made that contractor inventory should be stored, the contracting officer shall advise the plant clearance officer of:

(1) Specific items to be stored;

(2) Reason for retention;

(3) Period of time contractor inventory should be retained in storage; and

(4) Office responsible for authorizing retention.

(b) At any time after expiration of the plant clearance period (see § 18–24.101–15), the contractor may submit to the contracting officer, a list certified as to quantity and quality, of any items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the contracting officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than 15 days thereafter, the Government shall accept title to such items and remove them or enter into a written storage agreement covering the same: *Provided*, That the list submitted shall be subject to verification by the contracting officer upon removal of the items (or if the items are stored within 45 days from the date of submission of the list). Any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) Upon receipt of request to store contractor inventory as provided in paragraph (a) of this section, the plant clearance officer shall request the responsible procurement office of the installation authorizing storage to execute a storage agreement. The request shall include the following data:

(1) Copy of the contracting officer's request for storage;

(2) Contractor's request for storage together with statement as to Government's obligation to store inventory;

(3) Inventory of property to be stored;

(4) Storage space required (actual or estimated);

(5) Storage period (actual or estimated); and

(6) Cost (actual or estimated) if cost to the Government will be involved or statement that contractor will execute a no-cost storage agreement. (Storage agreements for contractor inventory will be executed on a no-cost basis whenever possible.)

(d) If the holding contractor will not agree to store the property and removal from the contractor's premises is necessary, the plant clearance officer shall ascertain the availability of Government and/or commercial storage facilities and shall provide the procurement office of the installation authorizing storage with the following data in addition to that required in paragraph (c) of this section:

(1) Information as to the availability of Government and/or commercial storage facilities;

(2) Services which will be performed (e.g., packing, crating, shipping);

(3) Estimated expense of storage and services if stored in commercial facilities, together with any bids available; and

(4) Any other pertinent information, including the plant clearance officer's recommendation.

(e) Contract will be executed in accordance with established procurement procedures and will reflect the activity directing storage of the inventory involved. Two months prior to expiration of the storage contract, the procurement office shall contact the activity for which the inventory was stored to determine whether the inventory should be retained

for an additional period, or disposed of according to plant clearance procedures.

§ 18–24.211 Review of property disposal.

§ 18–24.211–1 Property Disposal Review Board.

A Property Disposal Review Board shall be established at each NASA installation by the Head of the installation and at NASA Headquarters by the Assistant Administrator for Administration (see NASA Management Instruction 4320.1, "Disposal of Surplus Personal Property"). Board members, including a chairman and alternate members, shall be appointed in writing and shall serve for a period of 1 year. A quorum of three voting members shall be required at each Board meeting. No person shall serve as a member of a Property Disposal Review Board in reviewing any property action in which he has participated.

§ 18–24.211–2 Required review.

The following personal property disposal actions shall be reviewed by a Property Disposal Review Board prior to final disposition action by the plant clearance officer:

(a) A determination that property is scrap or salvage, if the original acquisition cost of the property is $50,000 or more;

(b) A release from a scrap warranty, if the original acquisition cost of the property is $25,000 or more;

(c) Any sale, purchase, or retention of property at less than cost made without competitive bids (see § 18–24.206–1(b) and § 18–24.206–3) where the original acquisition cost of such property exceeds $25,000;

(d) A determination to destroy or abandon property (see § 18–24.208) whenever a line item has an original acquisition cost of more than $1,000, or whenever the aggregate sum of line items under $1,000 exceeds $5,000; and

(e) Any property disposal matter when requested by the contracting officer, or the plant clearance officer.

§ 18–24.211–3 Additional review.

In addition to review by the Property Disposal Review Board as required by § 18–24.211–2, the following transactions shall be reviewed by the Board established by NASA Headquarters.

(a) Any sale, purchase, or retention of property at less than cost made without competitive bids where the original acquisition cost of such property exceeds $200,000;

(b) A determination to destroy or abandon property having an original acquisition cost of more than $100,000; and

(c) Any other matters that may require review.

Transactions shall not be divided for the purpose of evading any review requirements outlined in § 18–24.211–2 and this § 18–24.211.

§ 18–24.211–4 Responsibility of Property Disposal Review Board.

The Property Disposal Review Board shall be responsible for approval or disapproval of proposed disposal determinations and transactions formally submitted by the plant clearance officer. Evaluations shall encompass propriety, conformance with regulations, soundness of judgment, and protection of the Government's interest. Concurrence of the majority of the Board shall be a requisite for approval. In carrying out these responsibilities the Board will insure that:

(a) Scrap determinations clearly specify why the property is considered as having value for its material content only;

(b) Salvage determinations fully indicate why the property is not useable for its original purpose;

(c) Determinations concerning damaged property are covered by reports of survey or written advice of the contracting officer;

(d) For abandonment determinations an adequate explanation is included as to why the property is worthless and what effect was made for disposal, including donation;

(e) Acquisitions and noncompetitive sales are authorized; and

(f) Competitive sales are adequately planned and advertised, produce a reasonable and satisfactory bid response, and that the proposed award will be made to the responsible bidder whose bid is most advantageous to the Government, price and other factors considered.

§ 18–24.211–5 Documents required for review board action.

Submissions to the Property Disposal Review Board shall include NASA Form 811, Determination for Classification of Property as Scrap or Salvage, copies of applicable inventory schedules, and any additional information necessary to support the determination presented for review. The documentation submitted to the Board will be sufficiently complete to permit any reviewing authority to understand the reasons for the recommended action. All documentation presented will be in five copies and shall include as a minimum the following:

(a) Basis for presenting the case to the Board, including a citation of the applicable regulations and directives;

(b) Clear indication as to the reason inventory is excess, including termination docket number, engineering change order number, or other identification, as appropriate;

(c) The extent of screening accomplished and the results of screening, when appropriate;

(d) A copy of the delegation of plant clearance authority to the receiving activity, in a case involving subcontractor inventory referred from another plant clearance activity;

(e) If the action involves a sale, information should be provided to show that the market has been tested and that the sale should be made at the price and quantity stated, or that the disposition recommended is proper and in the best interest of the Government;

(f) If the action involves destruction or scraping of inventory due to security classification, documentation submitted to the Board will include evidence of action taken to declassify the inventory in order that normal disposition may be accomplished. Evidence will clearly indicate that inventory cannot be declassified before submitting such a request to the Board. Indication will also be made as to whether or not salvable unclassified components will be removed for reutilization or other disposition prior to destruction; or

(g) If disposal action involves inventory located at a subcontractor's plant, the prime contractor's name, address, and prime contract number, as well as the name, address, and purchase order number of the subcontractor will be provided.

§ 18–24.211–6 Review Board records.

(a) Board approval shall be evidenced by the signature of the Chairman of the Board on NASA Form 811 which shall be forwarded to the plant clearance officer.

(b) The Board Chairman shall assure that minutes are maintained for each Board meeting. The minutes shall clearly reflect the action taken by the Board. A permanent record reflecting the action taken by the Board on each case shall be maintained. This record shall be appropriately indexed, and will include copies of all documentation presented to the Board, a listing of the inventory and a signed copy of the written notice sent to the plant clearance officer of the Board's action.

§ 18–24.212 Subcontractor inventory.

§ 18–24.212–1 General policy.

(a) The prime contractor and each subcontractor are responsible for review and approval of inventory schedules submitted by their respective next lower-tier subcontractors. Any rights which the prime contractor has or acquires in the inventory of his first-tier or lower-tier subcontractors, shall, to the extent directed by the contracting officer, be exercised for the benefit of the Government in accordance with the provisions of the contract between the Government and the prime contractor. The disposal policies and procedures set forth in this part are applicable to contractor inventory in the possession of subcontractors, except subcontractor termination inventory to which § 18–8.209–4 applies, and other exceptions set forth in this subpart.

(b) Subcontractor inventory shall be reported through the next high-tier subcontractor to the prime contractor, who is responsible for reporting such property to the plant clearance officer having cognizance of the prime contractor's plants in accordance with § 18–24.203–1.

(c) When the property is located outside his geographic area, the plant clearance officer for the prime contractor's plant shall request that plant clearance be redelegated by the contracting officer to the Department of Defense or other Government agency performing contract administration services at the subcontractor's facility, as prescribed in § 18–51.303.

§ 18–24.212–2 Inventory schedules.

With the exception of inventory to which § 18–8.209–4 applies, DD Forms

542, 542c, 543, 543c, 544, 544c, 545, 545c, and 832 may be used; but, their use is not required if substantially equivalent information as set forth in § 18–24.203 is obtained.

§ 18–24.212–3 Scrap.

The prime contractor and each higher-tier subcontractor shall review any recommendations of their respective subcontractors concerning scrap. If the prime contractor or the higher-tier subcontractor determines that any of the property is serviceable or usable, the subcontractor shall submit revised inventory data in accordance with such determination. The Government shall not be bound by any determination that property is scrap unless the determination has the prior approval of a plant clearance officer. A scrap warranty shall be obtained whenever property is sold as scrap, except as provided in § 18–24.204.

§ 18–24.213 Accounting for contractor inventory.

(a) In accordance with the terms of the inventory schedules certificate set forth in the forms prescribed in § 18–24.203–3, the contractor or subcontractor shall inform the Government of any substantial change in the status of the inventory arising between the date of submission of inventory schedules and final disposition of the inventory

(b) As soon as plant clearance has been effected and disposal proceeds have been properly applied, the plant clearance officer shall prepare and distribute DD Form 1636, Inventory Disposal Report, in accordance with § 18–24.302–2.

(c) When any contractor inventory is lost, destroyed, damaged, or for any reason cannot be delivered by the contractor, that inventory shall be identified in the Inventory Disposal Report, and the matter reported to the Government property administrator, or to the termination contracting officer if termination inventory is involved.

Subpart 18–24.3—Forms, Instructions, and Reports

§ 18–24.301 Forms.

The forms listed below are prescribed for use in the performance of plant clearance actions covered in this part.

§ 18–24.301–1 Standard Form 97, Certificate of Release of a Motor Vehicle, and Standard Form 97A, Certificate of Release of a Motor Vehicle (Agency Record Copy).

"Standard Form 97, Certificate of Release of a Motor Vehicle, and Standard Form 97A, Certificate of Release of a Motor Vehicle (Agency Record Copy)," will be executed by the contracting officer and furnished to the purchaser (see Subchapter H, paragraph 101–45.4924–2 of the Federal Property Management Regulations.)

§ 18–24.301–2 Standard Form 120, Reporting of Excess Property.

"Standard Form 120, Reporting of Excess Property," shall be used as a cover form for transmitting inventory schedules (see Subchapter H, paragraph 101–43–4902–1 of the Federal Property Management Regulations.)

§ 18–24.301–3 Standard Form 125, Report of Strategic and Critical Materials.

"Standard Form 125, Report of Strategic and Critical Materials," shall be used to report these materials to the General Services Administration in accordance with the provisions of § 18–24.205–4(d).

§ 18–24.301–5 DD Form 1149, Requisition and Invoice Shipping Document.

"DD Form 1149, Requisition and Invoice Shipping Document," shall be used for all transfers and donations of excess or surplus contractor inventory.

§ 18–24.301–6 DD Form 1342, DOD Property Record.

"DD Form 1342, DOD Property Record," shall be used to report industrial plant equipment. (See B.206–1 or C.3061).

§ 18–24.301–9 DD Form 1636, Inventory Disposal Report.

"DD Form 1636, Inventory Disposal Report," shall be prepared for each completed plant clearance case (see § 18–24.302–2).

§ 18–24.301–11 DD Form 1641, Disposal Determination/Approval.

"DD Form 1641, Disposal Determination/Approval," shall be used to support disposal determinations and to submit proposed transactions to the Property Disposal Review Board for review as required in § 18–24.211.

§ 18–24.301–12 DD Form 1639, Scrap Warranty.

"DD Form 1639, Scrap Warranty," shall be executed by a purchaser of scrap in accordance with § 18–24.204–5.

§ 18–24.301–13 DD Form 1642, Inventory Verification Survey.

"DD Form 1642, Inventory Verification Survey," shall be used to record verification results as prescribed in § 18–24.203–7(b) (see § 18–24.302–1).

§ 18–24.301–14 DD ASPR Form 1115 (NASA Edition), Instructions in Preparing Inventory Schedules of Contractor Inventory.

"DD ASPR Form 1115 (NASA Edition), Instructions in Preparing Inventory Schedules of Contractor Inventory," shall be made available to contractors to assist them in properly preparing inventory schedules (see § 18–24.203–1).

§ 18–24.301–15 DD Form 1635, Plant Clearance Case Register.

"DD Form 1635, Plant Clearance Case Register," provides a permanent numerical listing of plant clearance cases and shall be maintained by each office performing a plant clearance function. The space provided on the right-hand side of the form may be used for additional columns and headings considered essential by management officials (see § 18–24.302–4).

§ 18–24.301–16 DD Form 1637, Notice of Acceptance of Inventory.

"DD Form 1637, Notice of Acceptance of Inventory," shall be prepared to open each case and shall be distributed as follows: original to the contractor, one copy to the property administrator, and one copy to the termination contracting officer when termination inventory is involved.

§ 18–24.302 Instructions.

Additional instructions are provided in this section for completing the forms or reports prescribed in this part.

§ 18–24.302–1 Instructions for performing inventory verification and determination of allocability.

The following instructions shall be observed in verifying inventory schedules.

(a) *Allocability.* Determine allocability of inventory by reviewing contract requirements, delivery schedules, bills of material, and other pertinent material. Determine whether schedules include:

(1) Material which would not have been required for completion of the terminated or modified portion of the contract;

(2) Material in quantities indicating an unreasonable anticipation of contract requirements; or

(3) Material which might be utilized on the continuing portion of the contract, or diverted to other work of the contractor, either commercial or Government. Utilize sound judgment and experience gained during the life of the contract in detecting common items.

In addition review—

(i) Contractor's purchase orders for current procurement of similar material;

(ii) Contractor's plans and orders for current and scheduled production;

(iii) Contractor's stock record cards; and

(iv) Contractor's bills of material prepared for items similar to the terminated or modified items.

(b) *Quantity.* Assure that the quantities of inventory available are in accordance with the quantities listed on the inventory schedules. While a complete physical count of each item of inventory normally need not be performed, sufficient checks to assure that the quantities are accurate shall be performed. (See Sampling Guide in paragraph (d) of this section.)

(c) *Condition.* Assure that the condition of the inventory is in accordance with that shown on the inventory schedules.

(d) *Sampling guide.* Use minimum sampling standards indicated below. If significant discrepancies are revealed, increase sampling size.

(1) To determine which of the items listed on inventory schedules should be subjected to verification, all of the inventory schedules which comprise any one class would comprise one lot (e.g., all Schedule A items would comprise one lot; all Schedule B would comprise a second lot, etc.);

(2) Each lot shall be examined to determine the number of lines in each of the dollar groupings in column A below;

(3) The percentage in column B shall be applied to the total number of such lines in each dollar grouping to obtain the number of lines to be verified. Example: Assume that one lot of all items listed on Schedule B consists of 20 pages with a total of 160 lines of various items of Raw Material, Purchased Parts, etc., to determine the (minimum) number of lines of the total of 160 which are to be verified, the steps outlined above are applied as follows:

A	B
Line extension dollar amount	*Percentage*
$1 to $9.99	5
$10 to $99.99	10
$100 to $499.99	25
$500 to $999.99	50
$1,000 and over	100

Line extension dollar amount	Total number of lines	Percentage	Total number of lines to be verified
$1 to $9.99	100	5	5
$10 to $99.99	10	10	1
$100 to $499.99	16	25	4
$500 to $999.99	20	50	10
$1,000 and over	14	100	14
Total	160		34

(4) Having determined (from the above) the number of lines to be verified, the lines shall be chosen at random from each applicable subgroup. All of the units on each line selected shall be thoroughly verified as to quantity, condition, etc., in accordance with the following—

(i) *Schedule A items—Metals in mill product form.* Exact determination of the quantities or weights listed is not required; however, a check shall be made to verify that the amount or weight is approximately correct. For example, on a line listing 3,400 pounds of steel strip in rolls, visually select an average-size roll, have it weighed, and multiply this weight by the number of rolls. Likewise, for wire on spools with the total quantity indicated in pounds, weigh several spools to verify weight shown on each spool. If correct, accept the weight as shown on each spool and merely total the various spool weights. For material susceptible to these checks, the dimensions of single samples should be checked by scale or micrometers. The composition, hardness, type alloy, etc., listed on the schedules should be checked against original tags or markings of the producer whenever possible.

(ii) *Schedule B items—Raw materials (other than metals), purchased parts, etc.* Visually check representative sample pieces from each line selected for inspection to verify identity. Refer to Technical Manuals and Government and commercial drawings to the extent necessary for satisfactory identification. For small purchased parts, weight count the material. When an item is packed in similar size containers, equally loaded, weight counting of several such containers and multiplying by the number of containers is satisfactory. On purchased parts still in the original supplier's packages, acceptance of the quantity shown on the original marking is satisfactory. Finished Product and Finished Components shall be inspected for strict compliance with contract specifications. Finished Product reported in connection with a terminated contract shall be verified to the same extent as would have been required in the absence of termination. Be particularly alert to the possibility of the contractor's having included rejects or spoilage as acceptable inventory.

(iii) *Schedule C items—Work in process.* Visually examine representative samples from each line selected for inspection to determine that the state of completion agrees with that shown on the schedules. Refer to specifications, drawings, bills of material, etc., as necessary, for this verification. Be particularly alert to prevent the inclusion of nonreworkable rejects or spoilage.

(iv) *Schedule D items—Dies, jigs, fixtures, and special tools.* Visually examine representative samples from each line selected for inspection to verify identity. Identity can usually be ascertained by part numbers stamped on or molded into the tools. Particular alertness shall be exercised to ascertain that these items were actually required in the production of the items under the terminated, modified, or completed contract and that they were not common to the contractor's other manufacturing processes.

(e) *Completion of inventory verification survey.* As soon as verification has been accomplished, the completed survey form should be returned to the plant clearance officer, together with one copy of inventory schedule(s) marked to identify items selected for sampling.

§ 18–24.302–2 DD Form 1636, Inventory Disposal Report.

"DD Form 1636, Inventory Disposal Report," shall be prepared for each completed plant clearance case. Inventory Disposal Reports shall be distributed to the appropriate contracting officer and the property administrator. The plant clearance officer shall be responsible for preparing and distributing a consolidated Inventory Disposal Report, as appropriate. All items on the form are self-explanatory, except as follows:

(a) *Item 11.* Insert total dollar value of inventory reported for plant clearance purposes.

(b) *Item 12.* Insert amount to be deducted from the gross value of inventory due to errors in pricing, shortages, overages, etc. Explain "Remarks," Item 25.

(c) *Item 14.* Insert amount which contractor in possession is retaining or withdrawing at full acquisition cost (see § 18–24.202).

(d) *Item 15.* Insert full acquisition cost in appropriate column, and in "Proceeds" column insert the acquisition cost less approved handling, transportation, or restocking charges (see § 18–24.202–2).

(e) *Item 16.* Insert the total acquisition cost of all transfers accomplished. For lines 16A through 16F, insert subtotals representing value of transfers to each service or agency indicated.

(f) *Items 18 through 20.* Insert acquisition cost and gross proceeds. Where approved costs of sale are reimbursed from proceeds, net proceeds shall be identified under "Remarks."

(g) *Item 21.* Insert acquisition cost of inventory sold by the contractor with proceeds applied as a credit to overhead.

(h) *Item 24.* May be used to report transactions not otherwise identified.

(i) *Item 27.* (1) Explain all entries in Item 12. (2) Show specific disposition of proceeds reported in Items 14 and 15; i.e., indicate contract number and invoice to which proceeds were applied and verified, amounts deleted from specific contractor claims, or applied as a credit to the claim. If payment was made to the Government, indicate financial management or fiscal office where proceeds were deposited. (3) Explain any unusual entries requiring explanation.

§ 18–24.302–4 Instructions for establishing a plant clearance case.

Upon receipt of acceptable inventory schedules or DD Form 1342 from the contractor or from other Government sources provided by this part, the plant clearance officer shall assign a plant clearance case number in accordance with § 18–24.302–5 and establish a plant clearance case file. The case number, contractor's name, and contract number shall be identified on the case folder. Termination inventory shall be identified with the word "Termination" on the outside of the case folder to insure priority handling. Separate submissions of inventory schedules and DD Form 1342, applicable to one contract at the same location, shall be consolidated, whenever possible, under one plant clearance case. The plant clearance case file, as a minimum, shall contain the following:

(a) Copy of DD Form 1637, Notice of Acceptance of Inventory;

(b) Copy of inventory schedules or DD Form 1342 (The copy of the inventory schedule will be annotated by the plant clearance officer to reflect all disposal actions accomplished. Upon completion of all plant clearance actions, this copy should reflect disposition of all inventory reported for plant clearance action.);

(c) Copy of letters or transmittal documents forwarding contractor inventory to the appropriate screening activity;

(d) Copies of all shipping instructions, correspondence, or other instructions directing the disposition of contractor inventory, or evidence of no requirements;

(e) Copies of all shipping documents accomplishing transfer or shipment of contractor inventory;

(f) Copy of Inventory Verification Survey or other forms evidencing completion of allocability review;

(g) Copies of appropriate forms authorizing donation;

(h) Copies of all appropriate forms evidencing the sale of contractor inventory;

(i) Appropriate documentation indicating proper disposition of any proceeds resulting from plant clearance action;

(j) Copies of all other correspondence or forms bearing on disposal actions concerned with the case;

(k) Copies of all pertinent correspondence and approvals concerning Property Disposal Review Board cases, and antitrust clearance when required; and

(l) Copy of Inventory Disposal Report.

§ 18–24.302–5 Instructions for assigning plant clearance case number.

(a) The plant clearance case number shall consist of a two part number. The code structure shall consist of the contract of the contract prefix assigned the NASA installation it. § 18–50.302–3.

(b) The second part shall consist of a consecutively numbered serial number, locally assigned commencing with 001 at the beginning of each calendar year.

(c) Combined, the plant clearance case number assigned by the plant clearance officer will be in accordance with the following example:

NAS1–010

(1) "NAS1" indicates that the Langley Research Center is designated as the office to which the plant clearance officer is assigned.

(2) "010" indicates that this is the tenth case established by the Langley Research Center.

(d) The plant clearance number assigned will be recorded on DD Form 1635, Plant Clearance Register which will provide a permanent numerical listing of plant clearance cases.

§ 18–24.302–6 Instructions for preparing Standard Form 120, Report of Excess Personal Property.

(See Subpart H, paragraph 101–43.4902–1 of the Federal Property Management Regulations.)

§ 18–24.302–8 General sales terms and conditions and special conditions of sale.

(a) The following general sales terms and conditions shall be included, as a minimum, in contractor-conducted sales by formal invitation:

(1) *Inspection.* The Bidder is invited, urged, and cautioned to inspect the property to be sold prior to submitting a bid. Property will be available for inspection at the places and times specified in the Invitation. In no case will failure to inspect constitute grounds for the withdrawal of a bid after opening.

(2) *Condition and location of property.* Unless otherwise specifically provided in the Invitation, all property listed therein is offered for sale "as is" and "where is." If it is provided therein that the Contractor shall load, then "where is" means f.o.b. conveyance at the point specified in the Invitation. The description is based on the best available information. However, the Contractor makes no warranty, express or implied, as to quantity, kind, character, quality, weight, size, or description of any of the property or its fitness for any use or purpose. Except as provided in Conditions No. (8) and (10), no request for adjustment in price or for rescission of the sale will be considered. This is not a sale by sample.

(3) *Consideration of bids.* The Bidder agrees that his bid will not be withdrawn within the period of time specified for the acceptance thereof following the opening of bids (sixty (60) calendar days if no period is specified by the Contractor or by the Bidder, but not less than 10 calendar days in any case) and that during such period his bid will remain firm and irrevocable. The right is reserved to reject any or all bids, to waive any technical defects in bids, and unless otherwise specified in the offering or by the Bidder, to accept any one item or group of items in the bid. Unless the Invitation otherwise provides, bids may be submitted on any or all items. However, unless the Invitation otherwise provides, a bid covering any listed item must be submitted on the basis of the unit specified for that item and must cover the total number of units designated for that item. In case of error in the extension of prices, unit prices will govern.

(4) *Payment.* The Purchaser agrees to pay for property awarded to him in accordance with the prices quoted in his bid. Payment of the full purchase price, subject to any adjustment pursuant to Condition No. (8), must be made within the time specified for removal and prior to delivery of any of the property. In the event that any adjustment is made pursuant to Condition No. (8), payment must be completed immediately subsequent to such adjustment. The balance of the purchase price after applying the total bid deposit made by the Purchaser (if a bid deposit was required) under the Invitation (or otherwise the full purchase price) shall be paid to the Contractor in cash or by certified check, cashier's check, traveler's check, bank draft, or postal or express money order. The Contractor reserves the right to apply any bid deposits made under this Invitation by a Bidder against any amounts due to the Contractor under a contract awarded by him under this Invitation for Bid. In those instances where the total sum becoming due to the Contractor from the Purchaser on a contract awarded to him under the Invitation is less than the total amount deposited with his bid, the difference shall be promptly refunded. Deposits accompanying bids which are not accepted shall be promptly returned.

(5) *Title.* Unless otherwise specified in the Invitation, title to the items of property sold hereunder shall vest in the Purchaser as and when full and final payment is made, except that if the Invitation provides that loading will be performed by the contractor, title shall not vest until such payment and loading are completed. On all motor vehicles and motor-propelled or motor-drawn equipment requiring licensing, a certificate of release, Standard Form 97, Certificate of Release of a Motor Vehicle, executed by the Contracting Officer (or a State certificate of title), shall be furnished for each vehicle and piece of equipment.

(6) *Delivery and removal of property.* Unless otherwise specified in the Invitation, the Purchaser shall be entitled to obtain the property upon vesting of title of the property in him. Delivery shall be made at the designated location, and the Purchaser shall remove the property at his expense within the period of time originally specified in the Invitation or within such additional time as may be allowed by the Contractor. The Purchaser shall reimburse the Contractor for any damage to the Contractor's property caused by the removal operations of the Purchaser. If the Purchaser is permitted by the Contractor to remove the property after the expiration of the period prescribed or allowed for removal, the Contractor, without limiting any other rights which it may have, may require the Purchaser to pay a reasonable storage charge.

(7) *Default.* If the successful Bidder fails to make full payment, to remove property on the specified date, or to comply with any other terms and conditions thereof, the right is reserved to sell or otherwise dispose of any or all such property and to charge losses and expenses incidental thereto to the account of the defaulting Bidder. The bid deposit (if required in the Invitation) shall be applied against any such losses and expenses.

(8) *Adjustment for variation in quantity or weight.* When property is sold on a "unit price" basis, the Contractor reserves the right to vary the quantity or weight delivered by ten percent (10%) from the quantity or weight listed in the Invitation; and the Purchaser agrees to accept delivery of any quantity or weight within these limits. The purchase price shall be adjusted upwards or downwards in accordance with the unit price and on the basis of the quantity or weight actually delivered. No adjustment for variation shall be made where property is sold on a "price for the lot" basis.

(9) *Weighing.* When weighing is necessary to determine the exact purchase price hereunder, the Purchaser shall arrange for and pay all expenses of weighing material. All switching charges shall be paid by the Purchaser. When removal is by truck, weighing shall be subject to supervision and accomplished on (i) contractor scales, (ii) certified scales, or (iii) other scales acceptable to both parties. When removal is by rail, weighing shall be on railroad track scales or by other means acceptable to the railroad for freight purposes. Approved weighing shall establish the exact purchase price and govern the making of full payment thereon.

(10) *Risk of loss.* After mailing notice of award and prior to the date specified for removal, the Contractor shall be responsible only for the exercise of reasonable care for the protection of the property. After passage of title and after the date specified for removal of the property or any extension approved in writing by the Contractor, all risk of loss, damage, or destruction from any cause whatsoever shall be borne by the Purchaser.

(11) *Limitation on contractor and Government liability.* The measure of Contractor and Government liability in any case when liability of Contractor and Government to the Purchaser has been established shall not exceed refund of such portion of the purchase price as the Contractor may have received.

(12) *Oral statements and modifications.* Any oral statement or representation by any representative of the Contractor changing or supplementing the contract or any Condition thereof is unauthorized and shall confer no right upon the Purchaser.

(13) *Eligibility of bidders.* The Bidder certifies that he is not: (i) An employee of NASA whose duties include any functional or supervisory responsibility for disposal of contractor inventory; (ii) a civilian employee of the Department of Defense whose duties include any functional or supervisory responsibility for disposal of contractor inventory; (iii) a member of the Armed Forces of the United States whose duties include any functional or supervisory responsibility for disposal of contractor inventory; (iv) an agent, employee or immediate member of the household of personnel in (i), (ii), or (iii) above.

(14) *Claims Liability.* The Purchaser or Bidder agrees to save the Contractor and Government harmless from any and all claims, demands, actions, debts, liabilities, judgments, costs, and attorney's fees arising out of, claimed on account of, or in any manner predicated upon loss of or damage to property of, and injuries to or the death of any and all persons whatsoever, in any manner caused or contributed to by the Purchaser or Bidder, their agents, servants or employees, while in, upon, or about the sale or the property site on which the property sold or offered for sale is located or while going to or departing from such areas; and to save the Contractor and Government harmless from and on account of damages of any kind which the Contractor may suffer as the result of the acts of any of the Purchaser's agents, servants, or employees while in or about the said sites.

(b) The following special conditions of sale shall be included in contractor-conducted sales by formal invitation, as required, or at the specific request and direction of the plant clearance officer:

(1) *Performance bond.* When work, other than loading, is to be performed by the purchaser and it is considered necessary to insure performance by the purchaser, a performance bond shall be required. Generally, the amount of each performance bond shall be 100 percent of the estimated cost of the work to be performed. If a requirement for a 100 percent performance bond would be disadvantageous to the contractor or to the Government, the amount may be reduced to not less than 50 percent of the estimated cost of the work to be performed. The execution of a performance bond in a specified amount shall be required, as follows:

Performance Bond. Within ten (10) days after notice of award, the Purchaser shall furnish a performance bond in the sum of $------ to cover the Purchaser's obligations and undertakings herein. Such bond shall remain in full force and effect during the term of the contract and any extensions as may be agreed upon. The Purchaser shall not be permitted to begin performance until such time as the bond has been received.

(2) *Liability and insurance.* The following shall be required when the work to be performed by the purchaser warrants a special condition of sale:

Liability and Insurance. The Purchaser shall at his own expense procure and maintain during the term of the contract insurance as follows:

(A) Standard workmen's compensation and employer's liability insurance such as may be proper under State and Federal statutes. However, upon receipt of satisfactory evidence that the Purchaser is qualified as a self-insurer under applicable provisions of law, the Contractor may waive this requirement.

(B) Bodily injury liability insurance in the amount of not less than $50,000 any one person, and $250,000 any one accident or occurrence.

(C) Property damage liability insurance including any and all property, whether or not in the care, custody, or control of the Purchaser.

(3) *Dangerous property.* A warning of potential danger shall be included in all cases where it cannot be certified that the property is completely innocuous. The following condition shall be used for this purpose:

Dangerous Property. Purchasers are warned that the property purchased may contain items of an explosive, toxic, or inflammable nature, notwithstanding reasonable care exercised by the Contractor to render the property harmless. The Contractor and the Government assume no liability for damage to the property of the Purchaser, or for personal injuries or disabilities to the Purchaser or his employees, or to any other person, arising from or incident to the purchase of the property, or its use or disposition by the Purchaser. The Purchaser shall save the Contractor and the Government harmless from any and all such claims.

(4) *Narcotic drugs and chemicals.* The sale of narcotic drugs and chemicals shall be subject to the following special conditions:

Narcotic Drugs and Chemicals. Bids will be rejected unless the Bidder submits the following certification with his bid:

"The undersigned represents and warrants that he is registered under Federal narcotics laws and is authorized by law and by the Bureau of Narcotics, United States Treasury Department, as a manufacturer of narcotics."

(5) *Radioactive material.* The following condition shall be used whenever there is the possibility that the property offered for sale is capable of emitting ionized radiation:

Radioactive Material. Purchasers are warned that the property may be capable of emitting ionized radiation in varying degrees. The Contractor and the Government assume no liability for damage to the property of the Purchaser, or for personal injuries or disabilities to the Purchaser or his employees, or to any other person arising from or incidental to the purchase of the property or its use or disposition by the Purchaser. The Purchaser shall hold the Contractor and the Government harmless from any and all such claims. As a safety precaution, the Purchaser should warn future possessors or users of the property that it may be capable of emitting ionized radiation.

(6) *Scrap warranty.* The following condition shall be used whenever property, other than production scrap, is offered for sale as scrap:

Scrap Warranty. The Purchaser represents and warrants that the property will be used only as scrap, in its existing condition or after further preparation, and will not be resold until (A) scrapping has been accomplished, or (B) the Purchaser obtains an identical warranty from any subsequent purchaser.

(7) *Antitrust clearance.* When a sales offering includes property with an acquisition cost of $3 million or more, the following condition shall be included:

Antitrust. To comply with section 207 of the Federal Property and Administrative Services Act of 1949, as amended, when property offered for sale has an acquisition cost of $3 million or more, or when the property consists of patents, processes, techniques, or inventions, irrespective of cost, the successful Bidder shall be required to furnish additional information and shall allow up to sixty (60) days for acceptance of his bid. Award shall be made only upon advice from the Department of Justice that the proposed sale would not tend to create or maintain a situation inconsistent with the antitrust laws.

(c) The following special conditions of sale may be added at the option of the contractor:

(1) *Sales and use tax liability.* If the purchase of the property is subject to a State sales or use tax, a special condition of sale shall be included stipulating that the Purchaser shall pay and the Contractor shall collect the amount of the tax, which shall be itemized separately on the billing document.

(2) *Safety, security, and fire regulations.*

(3) *Bid deposits.*

(4) *Other special conditions.* All other special conditions of sale considered necessary by the Contractor shall be subject to the prior approval of the plant clearance officer. Approval shall be granted, provided, the prescribed conditions of sale are not altered or affected thereby and the interest of the Government is not adversely affected.

§ 18–24.302–50 Sales notification to the General Services Administration.

The appropriate GSA regional office shall be provided, at the time of public distribution, a copy of each invitation for bids or other form of offering involving contractor inventory whether being sold by the contractor or by the Government.

PART 18–26—CONTRACT MODIFICATIONS

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Subpart 18–26.7—Other Modifications

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18-26.702 Preparation.

AUTHORITY: The provisions of this Part 18-26 issued under 42 U.S.C. 2473(b)(1).

§ 18–26.000 Scope of part.

(a) This Part 18–26 prescribes the policy and procedures for preparing and processing:

(1) Modifications to contracts, including letter contracts; and

(2) Novation and change of name agreements.

(b) This part does not include procedures relating to:

(1) Termination modifications (see Part 18–26.8);

(2) Modification to NASA Form 1379 and SF 147, Orders for Supplies or Services (see §§ 18–3.608–2 and 18–3.608–4);

(3) Order for supplies or services not otherwise changing the terms of contract or agreements (e.g., delivery orders under indefinite delivery type contracts);

(4) Modifications for extraordinary contractual relief (see Part 18–26.17); or

(5) Modifications to construction or architect-engineer contracts (see §§ 18–16.103(d) and 18–16.815).

Subpart 18–26.1—General

§ 18–26.101 Policy.

(a) Contract modifications, which are defined in § 18–1.205 shall be effected only by the use of Standard Form 30, Amendment of Solicitation/Modification of Contract (see § 18–16.103). Contract modifications are of three general types:

(1) Administrative changes (these changes, such as a change in paying office and appropriation data, do not affect the substantive rights of the contracting parties and do not require the contractor's acceptance),

(2) Change orders (see Subpart 18–26.2), and

(3) Supplemental agreements (see Subpart 18–26.3).

(b) Only contracting officers, as defined in § 18–1.206, acting within the scope of their authority are empowered to execute modifications on behalf of the Government. Other Government personnel shall not:

(1) Execute modifications;

(2) Act in such a manner as to cause the contractor to believe that they have authority to bind the Government; or

(3) Direct or encourage the contractor to perform work which should be the subject of a modification.

§ 18–26.102 Availability of funds.

A contract modification involving an increase in funds shall not be executed until a certification of fund availability has been obtained by the contracting officer. When a modification is issued prior to agreement as to price adjustment, the certification shall be made on the best available estimate of cost. Exceptions are:

(a) Contracts conditioned upon the availability of funds (see § 18–1.318), and

(b) Contracts which contain an incremental funding clause (see §§ 18–7.203–3, 18–7.204–53 and 18–7.403–53).

§ 18–26.150 Approval of contract modifications.

(See § 18–50.105).

Subpart 18–26.2—Change Orders

§ 18–26.200 Scope of subpart.

This Subpart 18–26.2 sets forth the policy and procedures governing the issuance of change orders:

(a) Issued pursuant to the "Changes" clause of the contract, and

(b) Issued pursuant to other clauses of the contract invoking the "Changes" clause procedures.

This subpart also covers the negotiations of equitable adjustments resulting from change orders. It does not deal with amendments to shipping instructions, for which see Subpart 18–2.6.

§ 18–26.201 Use.

Normally, change orders require definitization and involve the use of two documents, the change order itself and a supplemental agreement reflecting the resulting equitable adjustment in price or delivery or both. However, (a) administrative changes and changes issued pursuant to a clause giving the Government a unilateral right to make a change (e.g., an option clause) may require only one document, the unilateral contract modification; and (b) if an equitable adjustment in the contract price or delivery terms can be agreed upon in advance, only a bilateral supplemental agreement need be issued (see § 18–26.301(b)).

§ 18–26.202 Authority to issue change orders.

Change orders shall be issued by the contracting officer.

§ 18–26.203 Preparation of change order.

All change orders shall be prepared on Standard Form 30, Amendment of Solicitation/Modification of Contract, in accordance with § 18–16.104–3. All applicable items on the form shall be completed. In addition, the following specific instructions shall be complied with as follows:

(a) *Block 10.* Except for change orders issued under letter contracts or under contracts containing a clause limiting the Government's obligation, cite the estimated change in contract price, if any, together with the appropriate accounting and appropriation data. (The estimated change in price shall not be shown on copies of the Standard Form 30 furnished to the contractor.);

(b) *Block 12.* State in detail changes made to the contract respecting matters such as, but not limited to, the following:

(1) Identification of the drawings, specifications, or other instructions involved in the change;

(2) Identification of the source of the change, such as a Government engineering change, or a contractor's change proposal;

(3) Identification of the effective point of the change, such as item serial number, lot number, date, or such other designator as will clearly indicate the point at which the change becomes effective. When the effective point is estimated, provision shall be included for the subsequent establishment by a specified Government representative and the contractor of a firm effective point.

§ 18–26.204 Issuance of urgent change orders.

Under unusual or urgent circumstances, the contracting officer may order changes by written electrical transmission provided that:

(a) If administration of the contract has been delegated under the provisions of Subpart 18–51.3, the office delegated to perform contract administration is furnished a copy of the transmission;

(b) Immediate action is taken to confirm the change by issuance of Standard Form 30; and

(c) The transmission contains substantially the information required by § 18–26.203 (except that the estimated change in price shall not be indicated), including in the body of the transmission the statement, "Signed by (Name), Contracting Officer." The original copy, from which the transmission is made, shall be manually signed by the indicated contracting officer.

§ 18–26.205 Correction or revision.

Correction, revision, or supersession of a change order shall be made by

issuing another change order. The definitizing supplemental agreement shall cite both change orders.

§ 18–26.206 Followup of contractor proposals.

Equitable adjustments resulting from change orders shall be negotiated in the shortest practicable time. The contracting office shall establish a suspense system which shall identify the outstanding unpriced change orders.

§ 18–26.207 Analysis of proposals.

Upon receipt of the contractor's proposal, the contracting officer shall assure that a cost analysis, if appropriate, is conducted in accordance with § 18–3.807–2(c).

§ 18–26.208 Responsibility for negotiation of equitable adjustments.

(a) Except for those change orders where negotiation of equitable adjustments have been delegated under the provisions of Subpart 18–51.3, the contracting officer shall be responsible for negotiating all equitable adjustments resulting from change orders, including the execution of supplemental agreements on Standard Form 30, Amendment of Solicitation/Modification of Contract.

(b) When the negotiation of change orders has been delegated under the provisions of Subpart 18–51.3, the contracting officer shall insure that any additional funds which may be required are certified to be available prior to the execution of any contractual adjustments.

Subpart 18–26.3—Supplemental Agreements

§ 18–26.301 Use.

Supplemental agreements are used:

(a) To reflect the agreement reached in the negotiation of change orders;

(b) In preference to a change order when a supplemental agreement is considered feasible, even though authority exists to accomplish the modification by change order (see § 18–26.201);

(c) To definitize letter contracts (see § 18–3.408); and

(d) To reflect other agreements of the parties modifying the terms of contract.

§ 18–26.302 Preparation of supplemental agreements.

All supplemental agreements shall be prepared on Standard Form 30, Amendment of Solicitation/Modification of Contract, in accordance with § 18–16.104–3. When a supplemental agreement changes the unit price or unit quantity, information reflecting the changed conditions shall be shown in the format contained in Standard Form 36, Continuation Sheet, unless this form has been used as an attachment to Standard Form 30.

Subpart 18–26.4—Novation Agreements and Change of Name Agreements

§ 18–26.401 Scope of subpart.

This subpart 18–26.4 prescribes the policy and procedures for (a) recognition of a successor in interest to Government contracts when such interests are acquired incidental to a transfer of all the assets of a contractor or such part of his assets as is involved in the performance of the contracts, (b) a change of name of a contractor, and (c) single installation execution of novation agreements and change of name agreements affecting more than one installation.

§ 18–26.402 Agreement to recognize a successor in interest.

(a) The transfer of a Government contract is prohibited by law (41 U.S.C. 15). However, the Government may recognize a third party as the successor in interest to a Government contract where the third party's interest is incidental to the transfer of all the assets of the contractor, or all of that part of the contractor's assets involved in the performance of the contract. Examples include, but are not limited to:

(1) Sale of such assets;

(2) Transfer of such assets pursuant to merger or consolidation of corporation; and

(3) Incorporation of a proprietorship or partnership.

(b) When a contractor requests that the Government recognize a successor in interest the contractor shall be required to provide the NASA installation designated (see § 18–26.404) with one copy of each of the following, as applicable:

(1) A properly authenticated copy of the instrument by which the transfer of assets was effected, as for example, a bill of sale, certificate of merger, indenture of transfer, or decree of court;

(2) A list of all contracts and purchase orders which have not been finally settled between NASA and the transferor, showing for each contract the contract number, the name and address of the installation involved, the total dollar value of each contract as amended, the type of contract involved, and the balance remaining unpaid;

(3) A certified copy of the resolutions of the Boards of Directors of the corporate parties authorizing the transfer of assets;

(4) A certified copy of the minutes of any stockholders' meetings of the corporate parties necessary to approve the transfer of assets;

(5) A properly authenticated copy of the certificate and articles of incorporation of the transferee if such corporation was formed for the purpose of receiving the assets involved in the performance of the Government contracts;

(6) Opinion of counsel for the transferor and transferee that the transfer was properly effected in accordance with applicable law and the effective date of transfer;

(7) Evidence of the capability of the transferee to perform the contracts;

(8) Balance sheets of the transferor and the transferee as of dates immediately prior to and after the transfer of assets;

(9) Evidence of security clearance requirements; and

(10) Consent of sureties on all contracts listed under subparagraph (2) of this paragraph where bonds were required.

(c) When it is consistent with the Government's interest to recognize a successor in interest to a Government contract, the installation designated shall execute an agreement with the transferor and the transferee, which shall ordinarily provide in part that:

(1) The transferee assumes all the transferor's obligations under the contract;

(2) The transferor waives all rights under the contract as against the Government;

(3) The transferor guarantees performance of the contract by the transferee (a satisfactory performance bond may be accepted in lieu of such guarantee); and

(4) Nothing in the agreement shall relieve the transferor or the transferee from compliance with any Federal law.

All agreements, prior to execution, shall be reviewed by Government counsel for legal sufficiency. A form for such an agreement for use when the transferor and transferee are corporations, and the assets of the transferor are transferred, is set forth herein. This form may be adapted to fit specific cases and may be used as a guide in preparing similar agreements for use in other situations.

AGREEMENT

This Agreement, entered into as of (*date upon which the transfer of assets became effective pursuant to applicable State law*) 19--, by and between the ABC Corporation, a corporation duly organized and existing under the laws of the State of _____ with its principal office in the City of _____ (hereinafter referred to as the "Transferor"); the XYZ Corporation *add if appropriate* (formerly known as the LMN Corporation), a corporation duly organized and existing under the laws of the State of _____ with its principal office in the City of _____ (hereinafter referred to as the "Transferee"); and the United States of America (hereinafter referred to as the "Government").

WITNESSETH

1. *Whereas*, the Government, represented by various Contracting Officers of the National Aeronautics and Space Administration has entered into certain contracts and purchase orders with the Transferor, [namely: _____] or as set forth in the attached list marked "Exhibit A" to this Agreement and herein incorporated by reference; and the term "the contracts" as hereinafter used means the above contracts and purchase orders, and all other contracts and purchase orders, including modifications thereto, heretofore made between the Government, represented by various Contracting Officers of the National Aeronautics and Space Administration, and the Transferor (whether or not performance and payment have been completed and releases executed, if the Government or the Transferor has any remaining rights, duties or obligations thereunder), and including modifications thereto hereafter made in accordance with the terms and conditions of such contracts and purchase orders between the Government and the Transferee;

2. *Whereas*, as of _____, 19--, the Transferor assigned, conveyed, and transferred to the Transferee all the assets of the

Transferor by virtue of a [*term descriptive of the legal transaction involved*] between the Transferor and the Transferee;

3. *Whereas,* the Transferee, by virtue of said assignment, conveyance and transfer, has acquired all the assets of the Transferor;

4. *Whereas,* by virtue of said assignment, conveyance and transfer, the Transferee has assumed all the duties, obligations and liabilities of the Transferor under the Contracts;

5. *Whereas,* the Transferee is in a position fully to perform the Contracts, and such duties and obligations as may exist under the Contracts;

6. *Whereas,* it is consistent with the Government's interest to recognize the Transferee as the successor party to the Contracts;

7. *Whereas,* there has been filed with the Government evidence of said assignment, conveyance or transfer, as required by NASA Procurement Regulation 26.402(b);

[*Where a change of name is also involved, such as prior or concurrent change of name of the transferee, an appropriate recital shall be used; for example:*

8. *Whereas,* there has been filed with the Government a certificate dated _____, 19__, signed by the Secretary of State of the State of _____ to the effect that the corporate name of LMN Corporation was changed to XYZ Corporation on _____, 19__];

Now, therefore, in consideration of the premises, the parties hereto agree as follows:

9. The Transferor hereby confirms said assignment, conveyance and transfer to the Transferee, and does hereby release and discharge the Government from, and does hereby waive, any and all claims, demands, and rights against the Government which it now has or may hereafter have in connection with the Contracts.

10. The Transferee hereby assumes, agrees to be bound by, and undertakes to perform each and every one of the terms, covenants, and conditions contained in the Contracts. The Transferee further assumes all obligations and liabilities of, and all claims and demands against, the Transferor under the Contracts, in all respects as if the Transferee were the original party to the Contracts.

11. The Transferee hereby ratifies and confirms all actions heretofore taken by the Transferor with respect to the Contracts with the same force and effect as if the action had been taken by the Transferee.

12. The Government hereby recognizes the Transferee as the Transferor's successor in interest in and to the Contracts. The Transferee hereby becomes entitled to all right, title, and interest of the Transferor in and to the Contracts in all respects as if the Transferee were the original party to the Contracts. The term "Contractor" as used in the Contracts shall be deemed to refer to the Transferee rather than to the Transferor.

13. Except as expressly provided herein, nothing in this Agreement shall be construed as a waiver of any rights of the Government against the Transferor.

14. Notwithstanding the foregoing provisions, all payments and reimbursements heretofore made by the Government to the Transferor and all other action heretofore taken by the Government, pursuant to its obligations under any of the Contracts, shall be deemed to have discharged *pro tanto* the Government's obligations under the Contracts. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to said Transferee and shall constitute a complete discharge of the Government's obligations under the Contracts, to the extent of the amounts so paid or reimbursed.

15. The Transferor and the Transferee hereby agree that the Government shall not be obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes or other expenses, or any increases therein, directly or indirectly arising out of or resulting from (i) said assignment, conveyance and transfer, or (ii) this Agreement, other than those which the Government, in the absence of said assignment, conveyance and transfer, or this Agreement, would have been obligated to pay or reimburse under the terms of the Contracts.

16. The Transferor hereby guarantees payment of all liabilities and the performance of all obligations which the Transferee (i) assumes under this Agreement, or (ii) may hereafter undertake under the Contracts as they may hereafter be amended or modified; and the Transferor hereby waives notice of and consents to any such amendment or modification.

17. Except as herein modified, the Contracts shall remain in full force and effect.

In witness whereof, each of the parties hereto has executed this Agreement as of the day and year first above written.

UNITED STATES OF AMERICA,
By _____
Title _____

ABC CORPORATION,
[CORPORATE SEAL] By _____
Title _____

XYZ CORPORATION,
[CORPORATE SEAL] By _____
Title _____

CERTIFICATE

I, _____, certify that I am the Secretary of ABC Corporation, named above; that _____, who signed this Agreement on behalf of said corporation, was then _____ of said corporation; and that this Agreement was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and seal of said corporation this _____ day of _____ 19__.

[CORPORATE SEAL] By _____

CERTIFICATE

I, _____, certify that I am the Secretary of XYZ Corporation, named above; that _____, who signed this Agreement on behalf of said corporation, was then _____ of said corporation; and that this Agreement was duly signed for and in behalf of said corporation by authority of its governing body and within the scope of its corporate powers.

Witness my hand and the seal of said corporation this _____ day of _____ 19__.

[CORPORATE SEAL] By _____

§ 18–26.403 Agreement to recognize change of name of contractor.

(a) Where only a change of name is involved, so that the rights and obligations of the parties remain unaffected, an agreement between the designated installation (see § 18–26.404) and the contractor shall be executed effecting the amendment of all existing contracts between the contractor and NASA so as to reflect the contractor's change of name. Prior to the execution of such agreement, one copy of each of the following shall be deposited by the contractor with the installation designated:

(1) A copy of the instrument by which the change of name was effected, authenticated by a proper official of the State having jurisdiction;

(2) Opinion of counsel for the contractor as to the effective date of the change of name and that it was properly effected in accordance with applicable law; and

(3) A list of all contracts and purchase orders which have not been finally settled between the National Aeronautics and Space Administration and the transferor, showing the contract number, the name and address of the installation involved, the total dollar value of each contract as amended and the balance remaining unpaid.

(b) All agreements, prior to execution, shall be reviewed by Government counsel for legal sufficiency. A format for such an agreement which shall be adapted for specific cases is set forth below.

AGREEMENT

This Agreement, entered into as of _____, 19__ by and between the ABC Corporation (formerly the XYZ Corporation and hereinafter sometimes referred to as the "Contractor"), a corporation duly organized and existing under the laws of the State of _____, and the United States of America, represented by the National Aeronautics and Space Administration (hereinafter referred to as the "Government").

WITNESSETH

1. Whereas, the Government, represented by various Contracting Officers of the National Aeronautics and Space Administration has entered into certain contracts and purchase orders with the XYZ Corporation [namely: _____] or [as set forth in the attached list marked "Exhibit A" to this agreement and herein incorporated by reference;] and the term "the Contracts" as hereinafter used means the above contracts and purchase orders, and all other contracts and purchase orders, including modifications thereto, entered into between the Government, represented by various Contracting Officers of the National Aeronautics and Space Administration, and the Contractor (whether or not performance and payment have been completed and releases executed, if the Government or the Contractor has any remaining rights, duties, or obligations thereunder);

2. Whereas, the XYZ Corporation, by an amendment to its certificate or incorporation, dated _____, 19__ has changed its corporate name to ABC Corporation;

3. Whereas, a change of corporate name only is accomplished by said amendment, so that rights and obligations of the Government and of the Contractor under the Contracts are unaffected by said change; and

4. Whereas, there has been filed with the Government documentary evidence of said change in corporate name;

Now therefore, in consideration of the premises, the parties hereto agree that the Contracts covered by this agreement are hereby amended by deleting therefrom the name "XYZ Corporation" wherever it appears in the Contracts and substituting therefor the name "ABC Corporation."

In witness whereof, each of the parties hereto has executed this Agreement as of the day and year first above written.

UNITED STATES OF AMERICA
By _____
Title _____

[CORPORATE SEAL]

ABC CORPORATION
By _____
Title _____

CERTIFICATE

I, _____, certify that I am the Secretary of ABC Corporation, named above; that _____ who signed this Agreement on behalf of said corporation, and that this Agreement was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and seal of said corporation this _____ day of _____, 19__.

By _____

[CORPORATE SEAL]

§ 18–26.404 Processing novation agreements and change of name agreements.

(a) Any NASA installation, upon being notified of a successor in interest to, or change in name of, one of its contractors, shall promptly communicate with the contractor in writing. The contractor shall be requested to furnish the pertinent documentation enumerated in § 18–26.402(b) or § 18–26.403(a) as required, to the NASA installation with which it has the largest amount of unliquidated obligations. This installation shall be the "designated installation" for the purpose of processing and executing novation agreements and change of name agreements with the contractor. The installation shall immediately notify the Procurement Office, NASA Headquarters (Code KDP–3) of the request to execute a successor in interest or change in name agreement. The notification shall include (1) the names of the firms involved, (2) the name of the installation which will execute the agreement, and (3) the type of agreement contemplated.

(b) To avoid duplication of effort on the part of NASA installations in preparing and executing agreements to recognize a change of name or successor in interest, only one supplemental agreement will be prepared to effect necessary changes for all contracts between NASA and the contractor involved. The designated installation shall take all necessary and appropriate action with respect to either recognizing or not recognizing the successor in interests, or recognizing a change of name, including without limitation the following:

(1) Drafting and executing a supplemental agreement to one of the contracts affected but covering all applicable outstanding and incomplete contracts affected by the transfer of assets or change of name, and

(2) Instituting and monitoring procedures for security clearance.

A supplemental agreement number need not be obtained for contracts other than for the one under which the supplemental agreement is written. Each supplemental agreement will contain a list of the contracts affected and, for distribution purposes, the names and addresses of the installations having contracts subject to the supplemental agreement.

(c) Prior to execution, the agreement and supporting documents shall be reviewed for legal sufficiency by the legal office at the designated installation.

(d) After execution of the supplemental agreement, the designated installation shall:

(1) Forward three authenticated copies of the supplemental agreement to the Procurement Office, NASA Headquarters (Code KDP–3), and

(2) Advise each of the affected installations, by letter (see § 18–26.450), of the consummation of the supplemental agreement and request that an administrative change (see § 18–26.451) be issued for each affected contract. A copy of the supplemental agreement should be enclosed.

(e) For each such affected contract, the contracting officer shall prepare an administrative change (see § 18–26.451) acknowledging the change in name or successor in interest. The administrative change will receive the same distribution as the affected contract. It will indicate the nature of the transaction, the result attained, and will cite the number of the contract with which the original relevant documents and supplemental agreement are filed.

§ 18–26.450 Sample letter requesting issuance of administrative change.

The following sample letter format is appropriate to give notice of execution of a novation agreement and to request issuance of an administrative change in accordance with § 18–26.404(d)(2):

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
GODDARD SPACE FLIGHT CENTER
Greenbelt, Maryland

MARCH 15, 1970.

SUBJECT: Novation Agreement.
To: Procurement Officer, Langley Research Center.

1. Your attention is invited to the attached supplemental agreement wherein a transfer of the business of ABC Corporation to XYZ Corporation is recognized.

2. In accordance with NASA Procurement Regulation 26.404 contracting officer(s) presently responsible for affected contracts placed by your installation, which are listed in the supplemental agreement, should immediately issue an Administrative Change to each such contract to reflect the change.

JOHN J. JONES,
Procurement Officer,
Goddard Space Flight Center.

§ 18–26.451 Sample administrative change format.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

ADMINISTRATIVE CHANGE

Contract No:_____
Change No:_____
Date:_____
Contractor: _____
Subject: _____
(Insert type of transaction—merger, etc.)

Pursuant to the provisions of the clause of Modification No. _____ of Contract No. _____ (This reference will be to the Modification actually recognizing the transfer.)

It is hereby acknowledged that said Contract Modification (insert, as appropriate, "effecting recognition of XYZ Corporation as a successor in interest applies in accordance with all of its terms and conditions to this contract," or "effecting recognition of a change of the contractor's name from ABC Corporation to XYZ Corporation applies in accordance with all of its terms and conditions to this contract").

Except as hereby modified, all the terms, covenants, and conditions of said contract as heretofore modified or amended shall remain in full force and effect.

THE UNITED STATES OF AMERICA
By _____
(Signature)

_____
(Contracting Officer)

Subpart 18–26.5—Modification to Letter Contracts

§ 18–26.501 General.

(a) Modifications to letter contracts shall be accomplished under the same policies and procedures as those applicable to definitive contracts.

(b) Bilateral modifications (supplemental agreements) issued prior to definitizing a letter contract may be processed in the same manner as the letter contract i.e., the contracting officer may sign prior to the contractor.

(c) For definitization of letter contracts and modifications thereto, see § 18–3.408.

Subpart 18–26.6—Issuance of Shipping Instructions

§ 18–26.601 Authority for Issuance.

Initial shipping instructions not included in the basic contract and amended shipping instructions shall be issued pursuant to the "Changes" clause.

Subpart 18–26.7—Other Modifications

§ 18–26.700 Scope of subpart.

Except for construction contracts, this subpart sets forth the policy and procedures for modifications authorized by contract provisions other than a "Changes" clause, a "Disputes" clause, or a "Termination for the Convenience of the Government" clause.

§ 18–26.701 Use.

Modifications within the scope of this subpart include those issued pursuant to a contract provisions (e.g., provisioning requirements, a "Government-Furnished Property" clause, an Inspection clause, an Option clause).

§ 18–26.702 Preparation.

Modifications pursuant to this subpart shall contain, in addition to the infor-

mation specified on Standard Form 30, Amendment of Solicitation/Modification of Contract, the following:

(a) When applicable, the information listed in § 18-26.203(b); and

(b) When the removal, reinstatement, or addition of funds is involved—

(1) The total dollar amount of funds to be removed from or added to the contract;

(2) The reason for adjustment;

(3) The contract items and accounting classifications; and

(4) A reference to the basis for, or authority to deobligate excess funds.

PART 18-50—ADMINISTRATIVE POLICIES AND PROCEDURES

Subpart 18-50.1—Administrative Requirements for Advance Information and for Obtaining Approval of Contracts and Modifications

Sec.

18-50.100 Scope of subpart.
18-50.101 Contract review function.
18-50.102 Research contracts resulting from unsolicited proposals.
18-50.103 Reserved.
18-50.104 Advance information.
18-50.105 Approval of contracts and supplemental agreements.
18-50.106 Information to be furnished when requesting approval of contracts and supplemental agreements.

Subpart 18-50.2—[Reserved]

Subpart 18-50.3—Uniform Numbering and Distribution of Contracts, Agreements and Purchase Orders

18-50.300 Scope of subpart.
18-50.301 Policy.
18-50.302 Contracts, agreements, and modifications.
18-50.302-1 Contracts and Agreements Requiring Numbering.
18-50.302-2 Assignment and control of numbers.
18-50.302-3 Assigned contract or agreement prefixes.
18-50.302-4 Serial numbers.
18-50.302-5 Modifications of contracts or agreements.
18-50.302-6 Letter contracts.
18-50.303 Purchase orders and requests.
18-50.303-1 General.
18-50.303-2 Assigned purchase order or request prefixes.
18-50.303-3 Serial numbers.
18-50.304 Reserved.
18-50.305 Distribution of contracts, agreements, purchase orders, and modifications or supplements thereto.
18-50.305-1 General.
18-50.305-2 Contracts requiring Headquarters' approval.
18-50.305-3 Contracts not requiring Headquarters' approval.
18-50.305-4 Distribution of contract documents by Headquarters.
18-50.305-5 Release of contract information.
18-50.306 Retention of contractual documents for on-site audit.

AUTHORITY: The provisions of this Part 18-50 issued under 42 U.S.C. 2473(b)(1).

Subpart 18-50.1—Administrative Requirements for Advance Information and for Obtaining Approval of Contracts and Supplemental Agreements

§ 18-50.100 Scope of subpart.

This Subpart 18-50.1 sets forth administrative requirements for furnishing advance contract information to NASA Headquarters and to specified field installations of certain proposed procurements expected to exceed $10,000; and for obtaining the approval of NASA Headquarters, prior to award, of specified categories of contracts and supplemental agreements. This subpart further prescribes information to be furnished by contracting officers in submitting contracts and supplemental agreements that require NASA Headquarters approval. The requirements of this subpart are in addition to other approval and review requirements, such as those with respect to approval of procurement plans (see § 18-3.852) and those made in connection with source evaluation procedures (see § 18-3.804-3).

§ 18-50.101 Contract review function.

The primary purpose of contract review and approval by NASA Headquarters of certain categories of contractural actions is to provide an independent review and analysis for the purpose of determining whether the procurements:

(a) Were competently negotiated;

(b) Are based on adequate information;

(c) Are in conformance with law, established policies and procedures, and sound business practices; and

(d) Will result in contracts that adequately protect the interest of the Government.

§ 18-50.102 Research contracts resulting from unsolicited proposals.

Where, as the result of an unsolicited proposal, a contract is selected as the research support instrument (see paragraph 204 of the NASA Grant Handbook, NHB 5800.1) and the proposed contractor is a nonprofit institution of higher education or a nonprofit institution closely affiliated with a university, the procurement office will forward to the Office of University Affairs, NASA Headquarters (Code Y) the following information:

(a) A copy of the procurement request with work statement;

(b) A copy of the supporting justification for acceptance of the unsolicited proposal as required by § 18-4.402-4(b); and

(c) Identification of the assigned unsolicited proposal number.

The procurement office will not delay negotiation and award of the contract pending the receipt of a response from the Office of University Affairs.

§ 18-50.104 Advance information.

The procedures set forth in this section shall be followed by procurement offices in connection with procurements expected to exceed $10,000. (The information required is used primarily for the purpose of carrying out the policies described in Subpart 18-1.10, of this chapter.

(a) A copy of each unclassified preinvitation notice, invitation for bids (IFB), request for proposals (RFP), or request for quotations (RFQ), including specifications but not drawings, shall be forwarded to the Procurement Office, NASA Headquarters (Code KD-4) and the NASA Pasadena Office, at the time the notice is issued or bids, proposals or quotations are solicited. If the proposed procurement is classified, only a copy of the notice or solicitation of bids, proposals or quotations shall be forwarded to NASA Headquarters.

(b) The preinvitation notice will contain the information prescribed by § 18-2.205-4(c). Each copy of the IFB, RFP, or RFQ shall be accompanied by a statement of the estimated cost of the proposed procurement and a complete list of firms or persons solicited or invited to submit bids or proposals. This information is for internal NASA use only.

(c) Changes in, or amendments to, the original preinvitation notice, IFB, RFP, or RFQ will be distributed in the same manner as the original documents.

§ 18-50.105 Approval of contracts and supplemental agreements.

(a) *General.* All contractual documents, regardless of dollar value, require a complete review by the contracting officer, notwithstanding that further review and approval may be required.

(b) *Contracts and supplemental agreements.* Proposed contracts and supplemental agreements in the following categories shall be submitted to the Director of Procurement, NASA Headquarters (Code KDR) for approval:

(1) for utility services when an area-wide contract is not used and either (i) the annual cost of the services to be procured is estimated by the using installation, at the time of the initiation of the service or annual renewal of the expenditure, to exceed $50,000; or (ii) when, except for communication services, a proposed connection charge, termination liability, or any other facilities charge to be paid (whether or not refundable) is estimated to exceed $5,000.

(2) for architect-engineer services when:

(i) The total dollar value is $250,000, or

(ii) The work to be performed under a cost-plus-fixed-fee or fixed-price contract includes services of the type described in § 18-4.201(b) (2), (3), or (4),

and the fee, inclusive of the architect-engineer's costs, to be paid to the architect-engineer for the performance of such services exceeds 6 percent of the estimated cost of the related construction project, exclusive of the amount of such fee.

(3) Providing facilities having a total acquisition value exceeding $250,000, or providing real property regardless of amount (see §18–13.302(b)); and

(4) Each negotiated definitive contract or supplemental agreement, which by itself would equal or exceed the dollar value set forth below for the installation making the award. This includes:

(i) A contract or supplemental agreement which contains an option provision, as authorized by Subpart 18–1.15, when the total dollar value, including the option(s), equals or exceeds the dollar value set forth below for the installation making the award.

(ii) A supplemental agreement (except one which provides only for the addition or deletion of funds for incremental funding purposes) which:

(a) Definitizes either one or more debit change orders or one or more credit change orders when the total dollar value of either the debit change order(s) or credit change order(s) equals or exceeds the dollar value set forth below for the installation making the award;

(b) Definitizes and consolidates one or more debit and one or more credit value of either the debit change order(s) or the credit change order(s) before consolidation equals or exceeds the dollar value set forth below for the installation making the award, or

(c) Adds new work and definitizes and consolidates one or more debit and one or more credit change orders when the total dollar value of either the new work and debit change order(s), or the new work or the credit change order(s) equals or exceeds the dollar value set forth below for the installation making the award.

(iii) $500,000:

Flight Research Center.
Wallops Station.
$1,000,000:
Headquarters Contracts Division.
Kennedy Space Center.
NASA Pasadena Office.
$2,500,000:
Ames Research Center.
Goddard Space Flight Center.
Langley Research Center.
Lewis Research Center.
Manned Spacecraft Center.
Marshall Space Flight Center.
Space Nuclear Systems Office (Germantown).

(c) *Letter contracts.* All letter contracts require advance authorization for issuance by the Administrator or Deputy Administrator, NASA Headquarters. Requests for authority to issue letter contracts shall be processed in accordance with the procedures set forth in § 18–3.408.

(d) *Leases.* Leases, and extensions thereto, for the rental of real property by the Government where the annual rental is more than $25,000 or where a certificate of necessity under 40 U.S.C. 278b is required shall be submitted to the Director of Procurement for approval.

(e) *Approval Provisions.* All negotiated definitive instruments which require the approval of the Director of Procurement, pursuant to this section, shall contain the clause set forth in § 18–7.104–51.

§ 18–50.106 Information to be furnished when requesting approval of contracts and supplemental agreements.

(a) *General.* Requests for approval of contracts and supplemental agreements submitted to Headquarters for approval by the Director of Procurement, in accordance with § 18–50.105 shall include the information set forth in this section and shall be forwarded in sufficient time to allow a minimum of fifteen (15) days for review. The official contract file (which will be returned with the notice of approval, or disapproval) will be submitted with the request for approval and will include NASA Form 1098, "Check List for Contract File Content," in an original and three (3) copies. Whenever feasible, a duplicate copy of the official contract file should also be submitted to aid in expediting contract review. NASA Form 1098 and the contract file will be completed and documented in accordance with the "Instructions" block on NASA Form 1098.

(b) *Negotiation.* Each request for approval of a contract or supplemental agreement to be entered into as a result of negotiation will contain, in the letter of transmittal, the information required by subparagraphs (1) through (4) of this paragraph and shall be accompanied by the official contract file and NASA Form 1098, completed in accordance with paragraph (a) of this section, and, to the extent not otherwise required, will include:

(1) Name and address of the proposed contractor;

(2) Location of plant or work site for performance of the contract;

(3) Contract number, including modification number if applicable;

(4) Type of contract action (conversion of letter contract to definitive contract, firm fixed-price, CPFF, etc.);

(5) A statement by the contracting officer justifying the use of negotiation or reference to the findings and determination authorizing negotiation, citing the appropriate subsection of 10 U.S.C. 2304(a);

(6) A copy of the request for proposals, the specifications and any addenda thereto, or a description of the property or services being procured, including delivery schedule, quantities, and estimated cost;

(7) A copy of the proposal for which award is recommended;

(8) An original and three (3) copies of the contract, executed by the contractor and contracting officer; in addition, unexecuted copies for the cognizant program office as follows:

For contracts sponsored by:	Send
Office of Advanced Research and and Technology	1 copy.
Office of Manned Space Flight	8 copies.
Office of Space Science and Applications	3 copies.
Office of Tracking and Data Acquisition	1 copy.

(9) For competitive procurements, a list of firms invited to submit proposals and the names of firms quoting (both listed alphabetically); if SEB procedures were used, furnish "Statement from Source Selection Official" designating the successful contractor; if no competition was solicited furnish statement of "Justification of Noncompetitive Procurement."

(10) The history of negotiations, indicating the consideration given to appropriate factors, and the basis upon which it is concluded that the results of the negotiations are advantageous to the Government, including—

(i) The basis and reasons for selection of the firm to which award of contract is recommended—with evidence of the degree to which the capabilities of various firms were investigated prior to the final selection;

(ii) A brief summary of principal points involved in negotiations and the final results thereof, indicating price change, if any, during negotiations and explanations therefor;

(iii) A comparison of the proposed contract with previous procurements of the same or similar property or services, including dates of previous procurements, quantities, changes in specifications from last purchases, if any, and justification for change in price;

(iv) A cost breakdown representing the final negotiation and indicating:

(a) Direct materials—The amounts of raw materials, purchased parts, and subcontracting. Include material handling expense if the contractor's accounting system provides a separate rate therefor. State basis for determining material handling expense or rate. Comment on the complexity of items to be procured by the contractor and whether or not the NASA technical personnel consider the quantities and prices reasonable.

(b) Direct Labor—The number of hours, hourly rate, and total cost for each class of direct labor to the extent deemed practicable. Include a statement by NASA technical personnel as to reasonableness.

(c) Overhead—Burden applicable to the contract, including a brief statement of the basis for determining the overhead rate or amount.

(d) Special tooling and/or plant facilities—Costs directly chargeable to the contract and necessary for the performance of the work, including a statement of how the contract will provide for protection of the Government's interest therein.

(e) Other direct costs—The nature and reasons therefor.

(f) Other indirect expenses—The including the basis for determining amounts for general and administrative

expense, selling expense, engineering or research and development burden, etc., rates or amounts and methods of allocation and reason for inclusion in contract price or estimated cost.

(g) Profit or fixed fee—The dollar amount and percentage of profit or fixed fee, including a statement as to the basis for determining the profit or fixed fee (if the fixed fee, in addition to providing for profit, includes any allowance for costs properly allocable to work under the contract and not otherwise reflected in the breakdown, furnish a complete explanation of the nature and amounts of such costs).

(h) Incentive or award fee—For incentive or award fee type of contract, the information required by § 18–3.450(c)(4). information required by § 18–3.450 (c)(4).

(i) Contingencies—The nature and reason therefor.

(v) Names and locations, when available, of prospective subcontractors and estimated amounts of respective subcontracts which will exceed $25,000; state whether competition was obtained in selecting such subcontracts; if not, cite reasons for absence of competition;

(vi) A statement as to whether the contract will contain any form of price redetermination or escalation, including reasons for inclusion;

(vii) General types of Government property to be furnished, and facilities to be provided, and property already provided the proposed contractor, which will be used in performance of the work;

(viii) Statement as to whether the financial condition of the proposed contractor is considered satisfactory;

(ix) Statement of make-or-buy program agreed to with the contractor; if no make-or-buy program is established, state reasons therefor;

(x) Statement as to the technical ability and past performance of the proposed contractor;

(xi) Amount of funds available for proposed contract, including citation to appropriation, project number, and subproject breakdown;

(xii) Any other pertinent data in the form of explanations, comments, or comparisons concerning any unusual or new phases of the procurement or negotiation relating thereto (comments or audit report as to the financial and pricing aspects of the proposed contract should be included under this paragraph);

(11) Reasons for any deviation from standard or approved contract clauses; if deviation has been approved previously, include copy of request and approval document (see §18–1.109);

(12) If a supplemental agreement, brief summary of the basic contract and previous modifications issued; and

(13) For service type contracts which do not include implementation of the Service Contract Act of 1965, explain why the Act is considered inapplicable.

Subpart 18–50.3—Uniform Numbering and Distribution of Contracts, Agreements and Purchase Orders

§ 18–50.300 Scope of subpart.

This Subpart 18–50.3 sets forth the administrative requirements and procedures for uniform numbering and distribution of NASA contracts (including letter contracts), purchase orders (including requests to other Government agences), basic agreements, basic ordering agreements, other documents evidencing in whole or in part an agreement between the parties involving the payment of appropriated funds or collection of funds for credit to the Treasurer of the United States, and modifications or supplements thereto.

§ 18–50.301 Policy.

(a) Documents coming within the scope of this subpart shall be numbered with approved prefixes and serial numbers for identification, audit and filing purposes. If a prefix identification symbol is required for an installation or office not listed in this subpart, a request for the assignment of a prefix identification shall be submitted to the Procurement Office, NASA Headquarters (Code KDP–1). Alpha-numeric characters, other than those prescribed in this subpart, shall not be used as part of the numbering system. If other identification is required, it shall be placed on the document in such a location as to clearly separate it from the identification number prescribed herein.

(b) The identification number shall be retained unchanged for the life of the particular instrument and shall consist of not more than 11 alpha-numeric characters positioned as prescribed in this subpart.

§ 18–50.302 Contracts, agreements, and modifications.

§ 18–50.302–1 Contracts and agreements requiring numbering.

The following contracts and agreements shall be numbered in accordance with the uniform numbering system prescribed in §§ 18–50.302–2, 18–50.302–3, 18–50.302–4, and 18–50.302–6:

(a) All contracts, including letter contracts, for procurement or sale of supplies or services involving or likely to involve the payment or receipt of $2,500 or more ($2,000 in the case of construction work);

(b) All indefinite delivery type contracts involving more than one payment and estimated to involve payment or receipt of more than $2,500 during the fiscal year;

(c) All utilities contracts;

(d) All leases of real property and renewal thereof;

(e) All easements;

(f) All basic agreements;

(g) All basic ordering agreements; and

(h) All other written agreements involving payment or receipt of funds not covered by § 18–50.303.

§ 18–50.302–2 Assignment and control of numbers.

(a) The numbering of contracts, agreements, and modifications thereto shall be centrally controlled by each procurement office at NASA Headquarters, field installation or office for which a prefix identification symbol has been assigned.

(b) A complete identifying number shall consist of the following and will be assigned to NASA contracts and agreements designated in § 18–50.302–1:

(1) One of the prefix identification symbols set forth in § 18–50.302–3 followed by a hyphen; and

(2) A serial number (assigned in accordance with § 18–50.302–4) for the particular transaction.

§ 18–50.302–3 Assigned contract or agreement prefixes.

Approved prefixes for NASA contract or agreement numbers are as follows:

Headquarters	*Prefix*
Headquarters Administration Office:	
All contracts, *except* those with universities	NASW
University contracts	NSR
Procurement Office (basic agreements)	NASP
Space Nuclear Systems Offices:	
SNSO, Germantown	SNS
SNSO, Cleveland Extension	SNSC
SNSO, Nevada Extension	SNSN
Field installations and offices	
Langley Research Center	NAS1
Ames Research Center	NAS2
Lewis Research Center	NAS3
Flight Research Center	NAS4
Goddard Space Flight Center	NAS5
Wallops Station	NA36
NASA Pasadena Office	NAS7
George C. Marshall Space Flight Center	NAS8
Manned Spacecraft Center	NAS9
John F. Kennedy Space Center	NAS10

§ 18–50.302–4 Serial numbers.

(a) Except for contracts with universities placed by the Headquarters Administration Office, contracts and agreements identified in § 18–50.302–1 shall be numbered serially by the organizational unit authorized to assign such numbers commencing with the number "1", and continuing in succession without regard to fiscal year or type of contract, for example: NAS5–300; NAS5–301. If the contract is a facilities contract, the letter "F" in parentheses, shall be added at the end of the serial number for identification purposes, for example: NAS5–301 (F). When the series of numbers under a symbol exceeds five digits (99,999), a new series of numbers will be used beginning the series with number 1 and followed by the capital letter "A". Should additional series become necessary, they will be distinguished by the

capital letters "B", "C", etc., as may be required, except that the letters "I" and "O" shall not be used.

(b) University contracts placed by the Headquarters Administration Office shall be assigned an eight digit number, exclusive of the letter prefix, consisting of the following:

(1) A two digit number representing the State in which the contractor is located, followed by a hyphen;

(2) A three digit number representing the contractor, followed by a hyphen; and

(3) A three digit number representing the document control number.

An example of a complete contract number is: NSR-14-002-012. (Note: Prior to July 1, 1964, university contracts which were placed by the Office of Grants and Research Contracts were numbered by using the prefix "NASr" followed by a numerical series representing the document control number. For example, NASr-136.)

§ 18-50.302-5 Modifications of contracts or agreements.

Modifications of definitive contracts or agreements shall (a) bear the same identification as the contract or agreement being modified, and (b) be numbered consecutively for each contract or agreement, beginning with Modification No. 1, regardless of whether the modification is accomplished by unilateral or bilateral action. Except for Notices of Termination (see § 18-16.701), modifications shall be effected by the use of Standard Form 30 (Amendment of Solicitation/Modification of Contract) (see §§ 18-16.103 and 18-16.815).

§ 18-50.302-6 Letter contracts.

(a) *Superseding definitive contract.* The same number assigned to the letter contract according to §§ 18-50.302-3 and 18-50.302-4 shall also be assigned to the superseding definitive contract. No other contract number will be assigned to the superseding definitive contract.

(b) *Modifications.* (1) Additions or changes to letter contracts will be accomplished by modification to the letter contract. Modifications shall, (i) bear the same identification as the letter contract being modified, and (ii) be numbered consecutively for each letter contract, beginning with Modification No. 1, regardless of whether the modification is accomplished by unilateral or bilateral action.

(2) Upon definitization of the letter contract, contract modification shall be accomplished by using the numbering system prescribed in § 18-50.302-5.

§ 18-50.303 Purchase orders and requests.

§ 18-50.303-1 General.

Purchase orders (including blanket purchase agreements) and requests to other Government agencies to furnish supplies of services will be assigned a complete identifying number consisting of:

(a) One of the letter prefixes set forth in § 18-50.303-2 followed by a hyphen; and

(b) A serial number, assigned in accordance with § 18-50.303-3.

§ 18-50.303-2 Assigned purchase order or request prefixes.

Approved letter prefixes for NASA purchase orders (including blanket purchase agreements) or requests to other Government agencies are as follows:

(a) *Headquarters.*	*Prefix*
Headquarters Administration Office	W
Space Nuclear Systems Office:	
SNSO, Germantown	SN
SNSO, Cleveland Extension	SNC
SNSO, Nevada Extension	SNN

(b) *Field installations and offices.*	*Prefix*
Ames Research Center	A
Flight Research Center	E
George C. Marshall Space Flight Center.	H
Goddard Space Flight Center	S
John F. Kennedy Space Center	CC
Langley Research	L
Lewis Research Center	C
Manned Spacecraft Center	T
NASA Pasadena Office	WO
Wallops Station	P

§ 18-50.303-3 Serial numbers.

The same series of consecutive numbers will be used for numbering both purchase orders (including blanket purchase agreements) and requests to other Government agencies. The series of numbers will commence with the number 1 and continue in succession without regard to the fiscal year. The number will follow the letter symbol, separated by a hyphen, for example: Order No. L-350; Order No. W-1,000. When the series of numbers under a symbol exceeds five digits (99,999), a new series will be used beginning the series with number 1 and followed by the capital letter "A". Should additional series become necessary, they will be distinguished by the capital letters "B," "C," "D," etc., as may be required, except that the letters "I" and "O" shall not be used.

§ 18-50.305 Distribution of contracts, agreements, purchase orders, and modifications or supplements thereto.

§ 18-50.305-1 General.

Distribution of contracts (including letter contracts), agreements, purchase orders (including requests to other Government agencies), and modifications or supplements thereto, shall be made by the initiating office in accordance with its requirements, except that in all cases not less than two copies will be furnished to paying offices, one copy of which will support the payment file and be retained for audit purposes in accordance with § 18-50.306. Also, on those contracts or modifications (supplemental agreements) requiring the approval of the Director of Procurement, further distribution of contractual documents shall be made in accordance with § 18-50.305-2, § 18-50.305-3, or § 18-50.305-4, as applicable.

§ 18-50.305-2 Contracts requiring Headquarters' approval.

(a) On all contracts and all supplemental agreements issued thereto, requiring approval of the Director of Procurement, one executed copy will be retained by the Procurement Office, NASA Headquarters (see § 18-50.305-4).

(b) On those contracts approved by the Director of Procurement, an information copy of each supplemental agreement issued thereto not requiring Headquarters' approval shall be forwarded to the Procurement Office, NASA Headquarters (Code KDR).

§ 18-50.305-3 Contracts not requiring Headquarters' approval.

In those cases where a supplemental agreement requires approval of the Director of Procurement, but the contract and previously issued supplemental agreements thereto did not require such approval, the contract and all previously issued supplemental agreements shall be submitted for retention purposes to the Procurement Office, NASA Headquarters (Code KDR), concurrently with the submission of the supplemental agreement requiring approval. In addition, information copies of all supplemental agreements issued thereafter, not requiring Headquarters' approval, shall be forwarded at the time of issuance to the Procurement Office, NASA Headquarters (Code KDR).

§ 18-50.305-4 Distribution of contract documents by Headquarters.

Upon approval (or disapproval) of the proposed contract or supplemental agreement, the Director of Procurement will forward the original and two executed copies of the contract or supplemental agreement together with the contract file to the head of the installation. An information copy of the approval letter will be sent directly to the Program Director.

§ 18-50.305-5 Release of contract information.

Release of information relating to contractual actions is subject to the provisions of § 18-3.854.

§ 18-50.306 Retention of contractual documents for on-site audit.

NASA's contractual documents designated in § 18-50.300 are subject to on-site audit by the General Accounting Office. The originals or a signed copy of these documents and supporting data shall be retained by the installation to be available to the General Accounting Office for audit purposes.

PART 18-51—CONTRACT MANAGEMENT PROCEDURES

Subparts 18-51.1 and 18-51.2—[Reserved]

Subpart 18-51.3—Contract Management and Delegation of Contract Administration Services and Related Field Support Functions

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AUTHORITY: The provisions of this Part 18-51 issued under 42 U.S.C. 2473(b)(1).

Subpart 18-51.3—Contract Management and Delegation of Contract Administration Services and Related Field Support Functions

§ 18-51.300 Scope.

This Subpart 18-51.3 prescribes the policies and procedures for the utilization of the contract administration services and related field support capabilities of (a) Department of Defense agencies, (b) other Government agencies having contract administration services capability, and (c) NASA installations. The policies and procedures set forth in this Subpart 18-51.3 do not apply to architect-engineer contracts or to construction of facilities contracts.

§ 18-51.301 Definitions.

As used in this Subpart 18-51.3 the following terms shall have the meanings as set forth below.

(a) *Contract administration.* Contract administration is the process by which the Government, acting through a contracting officer, assures the contractor's and the Government's performance of contractual obligations.

(b) *Contract administration office.* A contract administration office is an office of NASA, the Defense Supply Agency, the military departments, or of other Government agencies (General Services Administration, Federal Aviation Agency, Atomic Energy Commission, etc.), performing contract administration services functions on Government contracts. A contract administration office may also perform related services, such as preaward surveys, purchasing system surveys, and overhead rate negotiations.

(c) *Contract administration services functions.* Contract administration service functions means all of those actions accomplished by the Government, in or near a contractor's plant, at test and launch sites or other prescribed places of contract performance, to assure that the contractor's total performance is in accordance with his contractual commitments and that the obligations of the Government are fulfilled.

(d) *Delegation of contract administration services functions.* Delegation of contract administration services functions is the process whereby a contract administration office is given the authority and responsibility by a contracting officer to perform identified functions necessary to assure effective performance of specific contract requirements.

(e) *Redelegation of contract administration services functions.* Redelegation of contract administration services functions is the process whereby a contract administration office is given the authority and responsibility by another contract administration office to perform identified functions necessary to assure effective performance of the requirements of a specific contract or subcontract. For the purpose of this Subpart 18-51.3, the terms "redelegation" and "secondary delegation," are synonymous.

(f) *NASA-DOD representative.* As used herein, a NASA-DOD representative is a NASA Headquarters employee located at a Defense Contract Administration Services Region (DCASR) or with the Air Force Contract Management Division (AFCMD), Los Angeles, to provide liaison assistance in the administration of NASA contracts delegated to the Army, Navy, Air Force, Defense Supply Agency and other Government agencies.

§ 18-51.302 Policy.

It is NASA policy to make maximum use of the contract administration services and related field support capabilities of the Department of Defense and other Government agencies at or near NASA contractor plants. Performance of contract administration services by other Government agencies at NASA installations, test sites and field offices may be authorized under certain conditions.

§ 18-51.303 Implementation.

(a) Contract administration services shall be obtained through the issuance of a letter of delegation by the NASA contracting officer to the cognizant contract administration office servicing the particular contractor activity. Contract administration services may be obtained at multiplant locations or at a subcontractor facility through the issuance of a letter of redelegation by the designated administrative contracting officer (ACO) when such authority has been granted or by a direct delegation issued by a NASA contracting officer.

(b) Standard format letters of delegation to be utilized by all NASA installations in requesting contract administration services shall be as prescribed by the Director of Procurement, NASA Headquarters.

§ 18-51.304 General.

(a) NASA personnel normally shall not be assigned at or near a contractor's facility for the purpose of performing any of the plant level contract administration functions listed in § 18-51.310-3. Prior to making such an assignment, the matter will be forwarded to the cognizant Institutional Director for his approval with the concurrence of the Director of Procurement. In these instances, supporting information shall be provided, which shall include (1) a statement of the special circumstances which necessitate the assignment, (2) the contract administration services to be performed, and (3) a staffing plan for a 3-year period or such shorter period as may be appropriate. Personnel assignments approved pursuant to this paragraph shall be reviewed annually by the NASA installation, and a justification for the proposed continuance of the assignment shall be furnished to the Director of Procurement and the cognizant Institutional Director.

(b) The provisions of paragraph (a) of this section do not apply to NASA audit field personnel assignments or to the following established NASA offices:

(1) Michoud Assembly Facility.
(2) Mississippi Test Facility.
(3) NASA Pasadena Office.
(4) MSC White Sands Test Facility.
(5) SNSO, Cleveland.
(6) SNSO, Germantown.
(7) SNSO, Nevada.
(8) SNSO, Albuquerque.
(9) Slidell Computer Facility.
(10) KSC-WTR Operations Division.

(c) Delegations to other Government agencies to perform contract administration services functions at NASA installations or at those NASA offices enumerated in paragraph (b) of this section, shall be forwarded for the prior approval of the cognizant Institutional Director, and the concurrence of the Director of Procurement. Such approvals

are governed by the following criteria:

(1) The proposed delegation is to include all or substantially all of those plant level contract administration services functions listed in § 18–51.310–3.

(2) The services to be performed are to be under the management and direction of the contract administration office to which the delegation has been made, and no NASA supervision is contemplated.

(d) Notwithstanding the policy set forth in § 18–51.302, which requires maximum use of the contract administration services of other Government agencies, the delegation of contract administration services functions for research and development study contracts and for nonpersonal service contracts performed on a NASA installation (§ 18–51.304(c)) is optional, except for those plant-level contract administration or audit services which are to be performed at a contractor's facility.

§ 18–51.305 Agreements.

NASA agreements with other Government agencies, which relate to the delegation and performance of contract administration services, are published in the 1050 series of the NASA Management Issuance System.

§ 18–51.306 Processing the delegation.

The following actions shall be taken with each procurement in anticipating the contract administration services that will be required, and in delegating the performance of contract administration functions in conformance with this Subpart 18–51.3.

(a) NASA contracting officers shall review contract requirements as early as possible in the procurement cycle to determine the nature and extent of contract administration functions to be performed. This review shall be coordinated with all appropriate installation activities to insure that all essential requirements are incorporated in the delegation. A similar review shall be made prior to issuing amendments to letters of delegation, as set forth in paragraph (f) of this section.

(b) When a contract is expected to exceed $5 million, or when other circumstances indicate the desirability of a predelegation discussion, a planning conference should be held with representatives of the contract administration office.

(c) Letters of delegation shall be explicit and unambiguous in detailing the contract administration functions to be performed. Special NASA provisions, or requested services which differ from those normally provided by the contract administration services office, must be specifically identified in the letter of delegation.

(d) Letters of delegation should be prepared and issued no later than 15 days after contract award.

(e) Delegations must be accompanied by documentation and supporting information that will insure a complete understanding of the contract administration services to be performed. The foregoing shall include copies of the contractual documents, negotiation memorandums, quality assurance documents, key NASA personnel designations and other appropriate information.

(f) Amendments to letters of delegation shall be issued when modifications to the contract are of a nature which will change the functions previously delegated, when additional services are requested, or when services are terminated in whole or in part. Amendments to letters of delegation shall be furnished to the contract administration office within 15 days after the need for the amendment is determined.

(g) Each letter of delegation and amendment thereto shall request acknowledgment and acceptance of the delegation, and a notice of completion of contract administration.

(h) Contract administration offices shall be kept fully informed of all actions which may affect the performance of the delegated functions. Copies of all significant documents shall be furnished to the contract administration office throughout the period of performance of the contract. Significant documents include, but are not limited to, change orders, supplemental agreements, and correspondence which affects the business or technical aspects of the contract. The contract administration office, in turn, shall be required to furnish the NASA contracting officer with copies of all significant communications issued during the contract administration, for example, approval notices, consent to subcontract, and letters of redelegation.

(i) Each NASA–DOD Representative shall be kept fully informed on all delegations made to contract administration offices of the Army, Navy, Air Force, the Defense Supply Agency and other Government agencies, within the geographic area of their DCASR. A copy of each delegation and amendment thereto made within the representative's assigned geographic area shall be provided to the representative concurrently with their issuance. In addition, the NASA–DOD Representative located with the Air Force Contract Management Division (AFCMD) shall be similarly advised as to all contract administration delegations and amendments thereto made to Air Force activities.

(j) Six copies of both the contract and the letter of delegation shall be furnished the contract administration office. The delegation shall be addressed to the appropriate contract administration office as listed in the DOD Directory of Contract Administration Services Components—DOD 4105.59H, or to the appropriate NASA or other Government agency office performing contract administration services. Copies of the letter of delegation and amendments thereto, shall also be furnished by the NASA contracting officer to the contractor.

§ 18–51.307 Communications.

The NASA contracting officer is responsible for establishing and maintaining effective communications with the contract administration services office. Maximum use shall be made of predelegation and postdelegation visits, correspondence, and verbal discussions to insure a complete understanding of the responsibilities and authorities of the respective parties to the delegation.

§ 18–51.308 Redelegation of contract administration services.

(a) At the time of the planning review prescribed by § 18–51.306(a), the NASA contracting officer shall determine the extent to which the redelegation of contract administration functions may be required. Redelegations are normally to be made only when the redelegated functions to be performed are essential to the performance of the original delegation. Factors which may make a redelegation necessary are:

(1) Multiplant locations of the contractor, or locations of a subcontractor or supplier which are not within the jurisdiction of the Government agency or office to which the original delegation was issued.

(2) Government source inspection is required where the criteria of § 18–14.105–2 and paragraph 3.4 of NPC 200–1A apply and the characteristics for source inspection are designated as mandatory (NPC 200–1A, paragraphs 3.1.6 and 3.1.7); or

(3) The office receiving the original delegation does not have the capabilities to perform a specific function.

(b) NASA contracting officers shall specify in the letter of delegation the scope of the authority of the contract administration office to redelegate contract administration functions. This redelegation authority may be assigned by one of the following methods:

(1) A general authority to make redelegations as determined by the contract administration office;

(2) A general authority to make redelegations as determined by the contract administration office, except as to redelegations specified by the NASA contracting officer; or

(3) A specific identification of those functions which the contract administration office is to redelegate. This redelegation authority may be related to particular subcontracts or purchase orders.

(c) Letters of delegation shall require that the NASA contracting officer be notified of the issuance of all redelegations, and that copies of all such redelegations shall be furnished to the prime contractor, subcontractors and suppliers concerned.

(d) NASA contracting officers may retain the authority of redelegation because of program requirements, nature of the contract administration services functions required, characteristics of the contractor (or subcontractor) or for other reasons. When redelegation authority is retained, the contract administration office shall be so advised.

§ 18–51.309 Subcontract administration.

Contractors are responsible for managing their subcontracts; therefore, contract administration services functions

shall be performed on subcontracts and purchase orders, by the Government, only as necessary to meet specific NASA requirements.

§ 18–51.310 Delegation criteria.

The contract management concept in this Subpart 18–51.3 involves the application of three basic classifications of functions to be performed on each contract—(a) functions which are reserved to the contracting officer and which may not be delegated; (b) functions designated as being critical to a project, but which may be delegated in whole or in part, and (c) plant level contract administration functions which shall be delegated.

§ 18–51.310–1 Non-delegable functions.

This category includes functions which the NASA contracting officer has sole responsibility and authority to perform. The functions, which shall not be delegated to a contract administration office or an audit office, include:

(a) Contract execution;

(b) Issuance of decisions subject to the provisions of the "Disputes" clause;

(c) Decision to terminate for default or for convenience of the Government;

(d) Execution of termination settlement agreements;

(e) Authority to issue change orders under the contract;

(f) Approval of completion vouchers;

(g) Countersignature of NASA Form 456, "Notice of Contract Costs Suspended and/or Disapproved;" and

(h) Any functions precluded by the agreement set forth in § 18–51.305.

§ 18–51.310–2 Functions critical to a project.

Contract administration services functions which require key decisions, technical direction or control by NASA management in order to balance contract objectives with cost schedules and risk factors are classified as functions critical to a project and as such are not required to be delegated. Contract administration services functions in this classification, however, may be delegated at the discretion of the contracting officer, subject to the limitations of § 18–51.310–1, when a determination has been made that such a delegation will not have an adverse effect upon the project concerned. Functions critical to a project include for—

(a) *Contract administration.* (1) Approval of changes to "Make or Buy" program;

(2) Analysis and surveillance of contractor systems which provide input into cost aspects of NASA PERT and financial management reports;

(3) Approval of contractor acquisition of facilities from Government sources, when such facilities are authorized in the contract or by the NASA contracting officer, and which have been confirmed as to need by plant level review of the requirement;

(4) Consent to the placement of individual subcontracts providing for the purchase or lease of facilities, when such facilities are not available from Government sources, are authorized in the contract or by the NASA contracting officer, and which have been confirmed as to need by plant level review of the requirement;

(5) Approval of overtime premiums and shift premiums in accordance with the provisions of § 18–12.102–3;

(6) Conduct of termination proceedings, including negotiation of settlement agreements in accordance with § 18–8.210;

(7) Consent to subcontracts exceeding $1 million, or otherwise determined to be critical to the project;

(8) Administration of new technology clause with respect to assuring that applicable subcontracts reflect provisions of the clause, and that the reporting requirements of the clause are accomplished in a timely fashion; and

(9) Performance of contracting officer security functions (§ 18–51.313).

(b) *Quality assurance.* (1) Determination of requirements for quality, evaluation and approval of contractor's quality program plans or approval of acceptance by Material Review Board of characteristics which affect safety or performance of the mission; or end-item test, inspection, and acceptance of major systems; and

(2) Determination of requirements for reliability, and evaluation, and approval of contractor's reliability program plans.

(c) *Production and engineering support.* (1) Providing technical direction;

(2) Providing technical evaluation of engineering changes;

(3) Traffic management functions for:

(i) Shipments to be made by special transportation equipment controlled by NASA;

(ii) Shipments exceeding 200,000 pounds when movement is from one point of origin to one point of destination, and

(iii) Shipments which require special permits for movements over State highways.

(4) Review of contractor provisioning procedures, as well as contractor recommendations on the range and quantities of spare parts.

§ 18–51.310–3 Plant level contract administration functions.

The contract administration functions which are not critical to a project and are performed at or near the contractor's facility in the normal administration of a contract, are classified as plant level contract administration functions. When these functions are required in the performance of a contract, they shall be delegated to a contract administration office or an audit office, as appropriate. Plant level contract administration functions include for—

(a) *Contract administration.* (1) Acceptance of contractor's business systems and policies;

(2) Consent to subcontracts up to $1 million which are not critical to a project (§ 18–51.310–2(a)(7));

(3) Analysis of contractor's claims for adjustments submitted as a result of actions under the "Changes" clause;

(4) Negotiation of provisional overhead rates for final approval of the NASA contracting officer. (Final overhead rate negotiations will be governed by the provisions of § 18–3.705 and § 18–3.700.);

(5) Acceptance of compensation schedule for personal services which is within the contractor's established policy; or as provided in the contract or other agreement (see § 18–15.205–6);

(6) Monitoring the contractor's system for control of overtime;

(7) Periodic review of compensation for overtime and shift premiums to determine if such compensation was in accordance with provisions of the contract or prior Government approval;

(8) Surveillance of contractor activities affecting the allowability of costs;

(9) Administration of contract clauses not reserved by the provisions of §§ 18–51.310–1 and 18–51.310–2;

(10) Issuance of tax exemption certificates when applicable, and assuring that the contractor advises NASA of resultant changes in contract price; and

(11) Review and analysis of termination settlement proposals.

(b) *Quality assurance.* (1) Quality assurance functions described in NPC 200–1A, except as modified by § 18–51.310–2(b) (see § 18–51.312(a)), and

(2) Reliability functions (see § 18–51.312(b)).

(c) *Production and engineering support.* (1) Surveillance of contractor delivery performance for items when function is not critical to a project. Surveillance may include:

(i) Submittal of periodic status reports;

(ii) Timely notice of potential delays;

(iii) Expediting deliveries, and

(iv) Verification of PERT or similar management reporting system.

(2) Monitoring contractor compliance with labor and industrial relation matters under the contract; apprising NASA of actual or potential labor disputes, and removing strike bound material from contractor plants authorized by NASA contracting officer;

(3) Transportation management except as provided in § 18–51.310–2(c)(3);

(4) Priorities and allocation assistance at plant level, including verification of contractor requirement reflected on BDSA Form 138 (see § 18–52.400);

(5) Analysis and reporting of facilities utilization, and

(6) Evaluation of contractor requests for additional facilities and changes to existing facilities, and providing NASA with appropriate recommendations.

(d) *Government property.* (1) Administration of Government property in the hands of the contractors; and

(2) Disposal of Government property through plant clearance actions.

(e) *Small business.* Plant level small business activity including evaluation of contractor's small business and labor surplus area subcontract program.

(f) *Safety and health.* Monitoring contractor compliance with safety and health provisions of the contract, including handling of hazardous and dangerous materials and processes.

(g) *Audit services.* (1) Examination and administrative approval of reimbursement vouchers for provisional payment (delegation of the approval of separate fee vouchers and all vouchers submitted by contractors performing on a NASA installation is not mandatory (see § 18-809(c)(1)(ii)).

(2) Providing audit coverage and reports of audit in accordance with the requirements for NASA contracts as set forth in chapter IX, section 4, and the related provisions of paragraph D 4.1, D 5.1 and D 6.1 of Appendix D of the Department of Defense Audit Manual DCAAM 7640.1; and

(3) Examination of progress payment requests on fixed price contracts based on costs incurred.

§ 18-51.311 Audit services.

(a) NASA installations shall utilize the services of other Government audit organizations for performance of contract cost audit and other audit services except in those instances where, for appropriate reasons, audit is to be performed by NASA auditors. To insure that audit services are performed at the earliest possible time following inception of contract performance, a request for audit services should be processed immediately after execution of all cost-reimbursement, labor-hour and time and material type contracts, and fixed-price contracts containing cost-reimbursement or price adjustment provisions. Audit services include contract cost auditing, estimating systems surveys, review of accounting systems, review of request for progress payments and approval of reimbursement vouchers for provisional payment.

(b) The Defense Contract Audit Agency (DCAA) has been established as the Department of Defense agency responsible for the performance of all contract audit services within the Department of Defense and for such other Government agencies as may be appropriate. Requests for audit services shall be directed to the cognizant audit office as listed in "Defense Contract Audit Agency Directory-Headquarters and Field Offices." A copy of all requests for audit services shall be furnished to the NASA audit representative assigned to the geographic area of the DCAA cognizant field audit office. NASA contracting officers shall coordinate audit requirements with NASA audit representatives to the maximum extent to assure that the audit is responsive to NASA requirements.

(c) Special audits or additional audit services may be requested directly by the NASA audit representative. Arrangements for such audits will be the responsibility of the NASA audit representative, unless processed through the contracting officer.

§ 18-51.312 Reliability and quality assurance functions.

(a) *Quality assurance functions.* (1) The procedures for arranging, preparing, and finalizing quality assurance delegations and the requirements for NASA direction and management of Government quality assurance functions are contained in NHB 5330.7, "Management of Government Quality Assurance Functions for Supplier Operations." Appendix A thereof, contains guidelines for the preparation of the quality assurance portion of delegation letters. Appendices B through F contain sample assignment letters outlining typical duties and responsibilities of agency and NASA representatives at plantsites.

(2) Quality assurance requirements shall be prepared by the NASA installation personnel responsible for quality assurance and furnished to the NASA contracting officer for inclusion or attachment to the letter of delegation. The delegation shall cite specifically the extent to which NBC 200-1A, "Quality Assurance Provisions for Government Agencies," shall be applied by the contract administration office to support contractual requirements. In no case shall NPC 200-1A be invoked in its entirety without specific instructions as to the requirements of various action paragraphs, such as:

2.5.2	Quality Status Report.
3.1.7	Mandatory Characteristics. NASA Designed Articles.
3.2	Quality Status Stamps.
3.4	Government Source Inspection (Mandatory).
3.6	Material Review Board.
3.11	End-Item Test and Inspection.
4.1	Periodic Quality Surveys.

(b) *Reliability assurance functions.* Reliability assurance requirements shall be prepared by the NASA installation personnel responsible for reliability assurance and furnished to the contracting officer for inclusion in the letter of delegation. Installation organizational relationships described for quality assurance personnel in NHB 5330.7 also apply to reliability assurance personnel. Because of the critical nature of most reliability assurance functions (§ 18-51.310-3), those functions considered appropriate for delegation should be clearly identified in the manner described in § 18-51.306(c) and should be provided to the contracting officer in a form suitable for attachment to the letter of delegation. The attachment shall clearly describe the nature and extent of each function to be performed, any standards of adequacy that may be appropriate, and the manner in which the delegation will be managed (e.g., whether quality assurance management procedures or other specified method will be used).

§ 18-51.313 Industrial security function.

NASA industrial security policies and procedures are set forth in NMI 1650.1. As a participant in the Department of Defense Industrial Security Program, those security functions identified as being the responsibility of the cognizant security office will be automatically performed for NASA on classified contracts by the cognizant Defense Contract Administration Services Region in accordance with the Department of Defense "Industrial Security Regulation" (DOD 5220.22R) and the "Industrial Security Manual for Safeguarding Classified Information" (DOD 5220.22M). A specific delegation for cognizant security office functions is not required. However, certain other security functions which are the responsibility of the NASA contracting installation ("User Agency" or "contracting officer" security functions), may at the option of the contracting officer, be delegated. These contracting officer security functions must be specifically identified in the letter of delegation. Appendix C to the Department of Defense "Industrial Security Regulation" (DOD 5220.22R) identifies some of the primary industrial security responsibilities of the contracting officer.

§ 18-51.314 Labor relations function.

When a prime or subcontract is to be performed at a NASA installation other than where the contracting officer is located, the Labor Relations function shown in § 18-51.310-3(c)(2) shall be delegated, together with other functions as mutually agreed upon by the installations concerned, to the contract administration office at the NASA performance site. The foregoing will permit the cognizant labor relations officer to provide early advice to the contractor concerning labor conditions applicable to the area.

§ 18-51.315 Equal employment opportunity.

The Department of Defense, by agreement, will automatically conduct periodic Equal Employment Opportunity (EEO) compliance reviews for NASA, as assigned by the Department of Labor, in accordance with Executive Order 11246. On request of NASA Headquarters, the Department of Defense will also conduct special compliance reviews or investigate complaints of discrimination. A specific delegation for these services is not required. The requirements of the EEO program are set forth in Subpart 18-12.8.

§ 18-51.316 Services not requiring letters of delegation.

(a) Services may be required from contract administration offices which precede the award of a contract such as preaward surveys and cost or price analyses on proposed or new procurements. Requests for such services do not require the issuance of a letter of delegation but shall be handled by normal correspondence or other means. Oral requests will be confirmed in writing immediately. Services of this nature will be reimbursed in accordance with § 18-51.317(a).

(b) Labor rates, overhead rates, and similar information which is readily available within contract administration

offices, may be obtained through ordinary communications without letters of delegation and without reimbursement.

§ 18–51.317 Budgeting, funding, and payment.

(a) Budgeting, funding, and payment for contract administration services will be accomplished by the Headquarters Financial Management Division in accordance with the NASA–DOD agreement, as implemented by instructions issued by the Director of Financial Management, NASA Headquarters.

(b) Budgeting, funding, and payment of carrier bills of lading for transportation performed as the result of traffic management delegations are the responsibility of the NASA installation issuing the delegation.

§ 18–51.318 Functional management responsibilities.

(a) Notwithstanding the NASA policy as stated herein, NASA contracting officers shall retain functional management responsibility for their contracts. Utilization of the contract administration services of another NASA office or Government agency in no way relieve the NASA contracting officer of his ultimate responsibility for the proper and effective management of the contract. Therefore, the NASA contracting officer must insure that a complete understanding has been achieved with the contract administration office as to the respective duties and responsibilities for a particular NASA contract.

(b) NASA contracting officers shall keep themselves fully informed on contractor performance and progress.

Subpart 18–51.4—Transfer of Contracts

§ 18–51.400 Scope of subpart.

This Subpart 18–51.4 sets forth the policies and procedures applicable to the transfer of contracts between NASA installations.

§ 18–51.401 Definition.

Transfer of a contract means that process whereby a contract and all future responsibility for the contract held by one installation is transferred, in writing, to another installation.

§ 18–51.402 Restrictions.

(a) Requests for permission to transfer a contract to another NASA installation, when deemed advisable by the head of the installation, shall be addressed to the appropriate Institutional Director.

(b) Contracts shall not be transferred by an installation until approved by the cognizant Institutional Director with the concurrence of the Program Director.

§ 18–51.403 Preparatory actions.

The Procurement Officer of the installation transferring the contract shall contact the Procurement Officer of the installation scheduled to receive the contract. This contact shall be for the purpose of establishing a working agreement and a time phase schedule of transfer actions.

§ 18–51.404 Coordinating actions by the contracting officer of the installation transferring the contract.

The contracting officer shall coordinate with the following elements within his installation prior to transferring a contract:

(a) Financial Management Office to determine the contract financial records to be transferred, and the method, timing, and dollar amount of such transfers.

(b) Technical (Engineering and Project) Office to determine the status of any outstanding engineering changes.

(c) Reliability and Quality Assurance Office to determine the status and method of transferring the reliability and quality assurance functions.

(d) Industrial Property and Facilities Office to determine the method of transferring the records of Government property.

(e) Transportation Office to determine the status of Bills of Lading furnished the contractor.

(f) Security Office to determine if any classified material is outstanding and if special precautions are necessary during the transfer process.

(g) Other organizational elements to determine the status of any other actions such as New Technology, Materials Reports, PERT, and Safety.

§ 18–51.405 Inventory of current requests for contract administration assistance.

The contracting officer transferring the contract shall prepare an inventory of all outstanding requests for contract administration assistance issued to other Government agencies (e.g. Military Departments of the Department of Defense, Defense Contract Administration Services Regions, TVA, AEC, FAA, etc.). This inventory shall include the name and address of the agency office, functions requested to be performed, estimated cost of the services, and estimated reimbursement due the administration agency for the services to be performed on the incomplete portion of each requested function. Copies of this inventory will be provided the contracting officer to whom the contract is to be transferred.

§ 18–51.406 Transfer review.

The contracting officer to whom the contract is to be transferred shall be given an opportunity to review the contract, letters of request, actions in process, and other related files and to request corrective action, if necessary, prior to the official transfer of the contract.

§ 18–51.407 Notification to the contractor.

After coordination with the installation organizational elements as required in § 18–51.404 and with the receiving contracting officer, the contractor shall be notified in writing of the impending transfer by the transferring contracting officer.

§ 18–51.408 Notification to other agencies.

As early as practicable after coordination between procurement offices has been effected, the contracting officer transferring the contract, shall notify all agencies performing or requested to perform administration services, of the impending transfer.

§ 18–51.409 Administrative actions.

Prior to transferring the contract, a complete inventory shall be made of the contents of the contract file to be transferred. All contract administration actions in process shall be set forth as a separate listing in an inventory and shall include the status of each action.

§ 18–51.410 Transfer.

Upon completion of the preparatory actions required herein, both contracting officers shall agree upon acceptable dates for the transfer of the contract responsibility and the contract files. The contracting officer of the installation transferring the contract shall issue letters as indicated below and provide copies to the contracting officer receiving the contract:

(a) *Contractor.* Notification of the transfer date termination of appointment of contracting officer's representatives, and the name, mailing address, and telephone number of the contracting officer at the installation receiving the contract.

(b) *Contracting officer's representatives.* Termination of each contracting officer's representative appointment effective on the date of transfer.

(c) *Agencies performing contracts administration functions.* Notification of the effective date of transfer of the contract along with the mailing address and telephone number of the contracting officer at the installation receiving the contract. (Existing requests for contract administration functions shall not be terminated.)

(d) *Installation organizational elements.* Notification of the effective date of transfer and other pertinent information.

(e) *Receiving installation.* Transfer of contract responsibility and transmission of the contract file including an inventory of its contents, and a résumé of any contractual problems which should be brought to the attention of the contracting officer receiving the contract. This letter also shall contain a provision for acceptance of the responsibility for the contract and its related files by the contracting officer and a notification of the acceptance to the contracting officer of the installation transferring the contract.

§ 18–51.411 Final action by the contracting officer transferring the contract.

The contracting officer at the installation transferring the contract shall retain for permanent file a copy of:

(a) The approval issued by the cognizant Institutional Director to transfer the contract;

(b) The inventory receipt signed by the contracting officer receiving the contract;

(c) The contract for historical purposes; and

(d) Any additional documents considered necessary to present a complete résumé of the transfer action.

§ 18–51.412 Action by the contracting officer receiving the contract.

The contracting officer receiving the transferred contract shall:

(a) Acknowledge receipt of the contract and its related files;

(b) Inform all offices affected within the installation of the receipt of the contract;

(c) Appoint new contracting officer's representatives, and such other technical representatives as are deemed necessary;

(d) Issue a modification to the contract to provide for the administrative changes brought about by the transfer action, such as; identifying the:

(1) Office responsible for performing contract administration;

(2) Office responsible for making payment;

(3) Office to which vouchers are to be submitted;

(4) Office to which reports and data are to be submitted;

(5) Place of delivery of contract items; and

(6) Any other change made necessary as a result of the transfer;

(e) Provide copies of the contract documents to the installation offices which have a functional responsibility for the contract; and

(f) Where appropriate, supplement the letter of request to the Government agency providing contract administration support services, to reflect the changes resulting from the transfer action, including identification of new contracting officer's representatives, manpower accounting reporting, reimbursement information, and other changes resulting from the transfer action. The supplement may terminate or amend an existing contract administration support arrangement or may request support in additional areas.

Subpart 18–51.5—Miscellaneous Administrative Actions

§ 18–51.501 Automatic data processing equipment.

(a) Contracting officers administering contracts which include significant costs for the acquisition, either through purchase or rental, and operation of Automatic Data Processing Equipment (ADPE) must exercise particular care to prevent excessive costs resulting from unnecessary capacity or sophistication, inadequate usage time recording, extra shift rentals, machine set up and other non-billable machine time, and inadequate utilization records.

(b) Proposed increases in the capacity or capabilities of existing ADPE systems will be analyzed in detail and justified by the contractor prior to actual acquisition of the increased capacity or capability in accordance with the provisions of Subpart 18–3.11 and § 18–15.205—48.

Subpart 18–51.6—Closing Completed Contracts

§ 18–51.600 Scope of subpart.

This Subpart 18–51.6 establishes policy and procedures governing the closing of files on completed contracts and is applicable to all NASA contracts. However, not every item listed is applicable to all contracts or all contract types. Contracting officers, in the exercise of their best judgment and discretion, will utilize those guidelines which are applicable to the particular contract, deviating from or expanding them where appropriate. The provisions of Part 18–8 of this chapter shall be followed in closing terminated contracts.

§ 18–51.601 General.

The procedures for closing completed contracts are a primary tool of contract management. The closing review should be painstaking and exhaustive and should insure that the contract file is completely documented. A comprehensive closing review serves the following purposes, among others:

(a) Timely closing action insures that records and files will not be unnecessarily encumbered and consequently permits more effective handling of current active contracts;

(b) The review identifies all uncompleted actions which might previously have been overlooked and thus facilitates expeditious final disposition action; and

(c) The review is an essential step, supplementing active contract management during performance, to insure that all contractual obligations have been fulfilled and that the interests of the Government have been adequately protected.

§ 18–51.602 Definition—Completed contract.

A completed contract is one which is both physically and administratively complete and in which all aspects of contractual performance have been either accomplished or formally waived. A contract is physically complete only after all articles and services called for under the contract, including such related items as reports, spare parts, and exhibits, have been delivered to and accepted by the Government (including those articles and services for which no specific compensation may have been stipulated). A contract is administratively complete when all payments have been made and all administrative actions accomplished.

§ 18–51.603 Closing checklist.

(a) The closing review will focus on a verification that (1) all actions necessary to complete the contract (as defined in § 18–51.602) have been consummated; and (2) actions have been fully documented to the extent practicable. When the review indicates that the contract may be incomplete in any respect, the surrounding circumstances shall be investigated to determine whether some necessary action has been omitted. Where prior actions have been taken but not documented, the closing memorandum shall, to the extent practicable, provide proper documentation; if this is not practicable, the closing memorandum shall be annotated to reflect the fact. When a contractual matter remains in an open status, completion action shall be initiated to the extent feasible (see § 18–51.604(b)).

(b) The following list represents the more significant items of contract closing which should be reflected by proper documentation. (Listing these actions in connection with the closing review of the contract, contract file, and other pertinent data is not intended to indicate the order in which the actions should be taken.) A checklist indicating the date of completion of each of the following actions applicable to the contract being closed shall be included in the contract file.

(1) Determine the status of deliveries and billings. If necessary to reconcile deliveries and payments, a letter should be obtained from the contractor showing total deliveries by items, total billings, and total payments. This data should be related to administrative records and such action be taken as may be required to reconcile differences in billings and payments and to resolve discrepancies in delivery or performance.

(2) Verify that all contract changes have been formalized. If such verification cannot be established by Government personnel, a letter may be obtained from the contractor indicating that all contractual changes have been covered by contract modification. The file should be further documented to support all equitable adjustments completed or in process.

(3) Examine the contract file to ensure that adequate documentation exists (in the form of receiving reports or other documents) to evidence receipt, inspection, and acceptance of all contract items, accomplishment of all corrections, and appropriate refund or credit when nonconforming supplies are accepted at a reduced price, in accordance with the "Inspection" clause.

(4) Verify the proper disposition of all property matters.

(5) Verify that disposition has been made of all security matters. A supporting statement from the contractor that all the requirements of the "Department of Defense Industrial Security Manual for Safeguarding Classified Information" have been complied with, shall be included.

(6) When a renegotiation report has been made, verify that the contract file contains a copy of the report and all supporting documents.

(7) Verify that price revision or redetermination action, when called for, has been accomplished and examine the adequacy of supporting data. Files should be documented in sufficient detail when price revision has been waived.

(8) Verify that consent to subcontracts has been obtained in all instances required by the contract. The absence of consent, where contractually required, shall be the subject of appropriate comment.

(9) Insure that all advance or progress payments have been liquidated and that action has been initiated to recover any overpayments.

(10) Insure that in all instances where performance of contract administration functions has been delegated the actions required have been performed.

(11) Insure that the contractor has been alerted to the contract requirement for maintenance of books and records.

(12) Confirm that appropriate and fully documented action was taken with respect to violations of standard contract clauses based on acts of Congress or Executive Orders concerning labor laws, contingent fees, domestic articles, officials not to benefit, etc., or in lieu thereof that the file contains a memorandum that cognizant administrative personnel know of no such violation.

(13) Ascertain whether any questions arose regarding exemptions from Federal of State tax laws and insure that such questions have been properly resolved, with adequate documentation.

(14) Examine the contract and contract files to ascertain the possible existence of pending disputes, contingent liabilities, or circumstances out of which future claims of litigation might arise, potential credits, or refunds or other future recoveries. Insure that adequate reserves have been set aside to provide for contingent liabilities. Maintain suspense and followup on any matters which remain unresolved. Coordinate with legal personnel, where appropriate.

(15) Determine that all administrative reviews and approvals have been accomplished and documented (regarding wages and salaries, insurance, accounting, purchasing, etc.).

(16) Review all notices of cost suspension or disallowance to determine that the issues have been properly resolved and see that reductions of fee which are appropriate under the contract have been obtained.

(17) Determine that all reports under clauses relating to patents, inventions, royalties, and new technology have been received and cleared.

(18) Determine that all required data has been delivered. A review of the data should be made by cognizant technical personnel to insure that the drawings, specifications, etc., reflect the most recent design changes and modifications. The review should also determine whether it is necessary or desirable that NASA have possession of the complete technical data package, including production procedures tooling setup, quality control procedures, test reports, etc. If plans call for turning the data over to another contractor for production purposes, the technical representative should insure that the applicable Government-furnished equipment, machine tools, and associated jigs, fixtures, and special tooling are identified and readily usable.

(19) Insure that all investigations of fraud or suspicion of same, and reports on General Accounting Office or similar type investigations, have been completed and documented. Proper action also should be reflected with respect to delinquencies or failures in performance.

(20) Confirm that assignment and subrogation have been accomplished in favor of the Government in connection with all contractor's rights and claims, other than those against the Government, pursuant to contract terms.

(21) Insure that excess funds are removed as soon as practicable.

(22) Insure that final overhead rates are negotiated and set forth in a contract modification.

(23) Establish that the completion voucher is supported by the necessary cumulative claim and reconciliation, assignment of refunds, rebates, credits and other amounts, and final release of claims by the contractor.

(24) Insure that a copy of the final audit report is included in the contract file.

(25) Insure that the contractor performance evaluation report has been furnished, where required, and that a copy is retained in the contract file.

(26) Insure that the contract file contains other applicable documents listed in § 18-1.308.

(27) Insure that final payment has been made.

(28) Insure that the file is properly prepared for disposition. (Disposition instructions are set forth in NHB 1441.1, "NASA Records Control Schedules," NHB 1620.3, "NASA Physical Security Handbook," and NMI 1630.1, "Control of Top Secret Information.")

§ 18-51.604 Special considerations.

(a) In the absence of full performance and compliance with all contract terms, as disclosed by the closing review, the contract file shall be examined to ensure that the documentation contained therein adequately reflects that proper action has been taken with respect to deviations, omissions, or waivers.

(b) Under appropriate circumstances, a contract may be treated as complete (when complete in all other respects) despite the existence of one or more unresolved contingencies (e.g., litigation between a prime and subcontractor). The determination that such contract will be closed will be made by the procurement officer of the installation from which the contract was issued. The contract files shall be fully documented by memoranda detailing the circumstances connected with the open item(s). No closing action shall be taken when:

(1) A matter awaiting disposition may be anticipated to have a significant impact on performance or consideration; or

(2) Complete disposition may call for substantive action on the part of the Government.

PART 18-52—PRIORITIES AND ALLOCATIONS

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AUTHORITY: The provisions of this Part 18-52 issued under 42 U.S.C. 2473(b)(1).

§ 18-52.000 Scope of part.

This Part 18-52 prescribes procedures for the administration of priorities with respect to products and equipment, including the administration within NASA of the Defense Materials System (DMS), and procedures for developing and reporting requirements for certain specific materials other than controlled materials. Subparts 18-52.1, 18-52.2, 18-52.3, and 18-52.4 are concerned with DMS procedures. These four subparts supplement the instructions in the Department of Defense Priorities and Allocations Manual (PAM), the NASA supplement thereto, and § 18-1.307 of this chapter. Subpart 18-52.5 is concerned with procedures for development and reporting

requirements for selected materials (propellants, pressurants, etc.) which are of critical importance to NASA's mission.

§ 18–52.001 Definitions.

As used in this part, the following terms have the meaning stated below:

(a) "Controlled materials" means domestic and imported steel, copper, aluminum, and nickel alloys in the forms and shapes listed in § 18–52.206.

(b) "Headquarters Program Offices" means the Office of Manned Space Flight, the Office of Advanced Research and Technology, the Office of Space Science and Applications, and the Office of Tracking and Data Acquisition.

§ 18–52.002 General.

(a) The Defense Materials System is maintained by the Government to assure priorities and allocation support of current production, construction, and research and development programs of selected Government agencies. The system has been declared by the Office of Emergency Preparedness (OEP) as an essential mobilization preparedness measure. The Defense Materials System operates within NASA under a delegation of authority from the Department of Defense. The system provides priorities authority for NASA and its contractors in obtaining raw materials, supplies and equipment from industry on a preferential basis.

(b) The necessary priority support of an officially approved Government program is achieved through the techniques of allocation, apportionment and allotment with respect to controlled materials and through the techniques of priority rated orders for individual contracts wth respect to all other materials and equipment.

(c) OEP has the basic responsibility for assuring that national resources for various materials and products are adequate to meet Government program schedules. The OEP directs certain Government agencies to provide estimates of requirements for selected materials to assure that their studies reflect the total demand. In addition NASA utilizes the military departments and other Government agencies as supply sources for certain materials in support of NASA programs. To facilitate procurement and distribution planning these agencies require reports of requirements from NASA. The data to be provided under this part will enable Headquarters to satisfy reporting requirements placed on NASA by other Government agencies.

Subpart 18–52.1—DO Rating System

§ 18–52.100 Scope of subpart.

This Subpart 18–52.1 prescribes procedures for the administration of the DO Rating System with respect to products and equipment, other than controlled materials, required for NASA programs.

§ 18–52.101 General.

With minor exceptions, the use of priority ratings on both NASA contracts and purchase orders and on all contractor purchase orders is mandatory. Priority ratings are assigned on individual contracts and purchase orders by NASA personnel to whom authority has been delegated under NASA Management Instruction 5101.7 "Delegation of Priorities Authority." Complete information regarding the use of ratings, method of assignment, items not otherwise eligible for ratings, and additional instructions are set forth in section 2 of the Department of Defense Priorities and Allocations Manual (PAM).

§ 18–52.102 Application of ratings.

A NASA contract or purchase order is "rated" by writing on the contract or order, or on a separate paper specifically identified with the contract or order the following:

(a) DO or DX—(appropriate program code symbol);

(b) The certification prescribed in section 2–3 of the PAM, i.e., "Certified for national defense use under DMS Reg. 1";

(c) The required delivery date(s);

(d) Signature and Title of Authorized Official, and

(e) In addition to the above data, all rated contracts or orders must include, or be accompanied by, the Priorities, Allocations and Allotments (September 1962) clause contained in the General Provisions of the contract.

§ 18–52.103 Nonrateable items.

Priority ratings will not be issued for:

(a) Direct procurement of "controlled materials"—steel, copper, aluminum, and nickel alloys;

(b) Contracts for services, except those relating to deliveries of materials, or

(c) Items ordered or requisitioned from GSA (Federal Supply Service).

In addition to the above, a complete list of nonrateable items and classes of items is contained in Exhibit 1, Section 2–1 of the PAM.

Subpart 18–52.2—Reporting of Controlled Materials Requirements

§ 18–52.200 Scope of subpart.

This Subpart 18–52.2 sets forth the procedures for the furnishing by installations of quarterly reports of estimates of requirements for DMS controlled materials. The installation quarterly reports described in this Subpart are the basis of NASA's consolidated estimates to the Department of Defense (which acts as the claimant agency for NASA) and to the Office of Emergency Preparedness (OEP).

§ 18–52.201 Reporting responsibility.

(a) *Scope of report.* Installations shall submit quarterly estimates of controlled materials requirements by the codes, forms, shapes, and subdivisions as listed in § 18–52.206 for the applicable claimant programs as described in PAM 2–2. Reports will be submitted on DD Form 614, Materials Requirements—Steel and Nickel Alloys, and DD Form 614.1, Materials Requirements—Copper and Aluminum.

(b) *Report due dates.* Reports for the first quarter of each calendar year shall be forwarded to reach the Procurement Office, NASA Headquarters (Code KDP–3) by the preceding September 1, for the second calendar quarter by the preceding December 1, for the third calendar quarter, by the preceding March 1, and for the fourth calendar quarter by the preceding June 1.

§ 18–52.202 Report content.

The report required by § 18–52.201 above shall include:

(a) For each separate claimant program, the controlled materials needed for all procurements to be made by the reporting installation showing (1) the materials to be purchased by contractors for production of Class A products, including construction, and materials for research and development, and (2) the materials to be purchased by installations for in-house operations. Materials required for production of Class B products are not to be reported; section 1–4 of the PAM sets forth the definition of Class A and E products).

(b) A summary or total of the requirements reported in paragraph (a) of this section; and

(c) A breakout from the data called for in paragraph (a) and the totals in paragraph (b) of estimates for the materials required for items and projects which are of highest national priority. Such programs as are authorized for the special DX priority rating may be found in the Department of Defense Master Urgency List.

§ 18–52.203 Basis for developing controlled materials requirements.

The reports submitted in accordance with this Subpart 18–52.2 shall be based on the research and development, end-item, and construction programs which take into consideration all funds available or anticipated to become available. Estimates shall reflect the best judgment of the installations, and should, if possible, be derived by multiplying unit weight per item by scheduled production, with due consideration of production and purchasing lead times. When this approach is not feasible, other methods, such as factoring a relationship of materials to dollar value, engineering estimates, contractor estimates, or actual past usage of materials, may be utilized in preparing the requirements. Records shall be maintained by the installations of the methods and data used in preparing the reports, for review upon request by the Procurement Office, NASA Headquarters (Code KDP–3).

§ 18–52.204 Requirements coordination with other Government agencies.

Installations shall not report materials requirements for those items which are purchased by other Government agencies (such as the Air Force, Corps of Engineers, etc.) for NASA use. However, end-item quantitative requirements for Class A products will, if requested, be furnished to the purchasing department in order that the purchasing department may compute and include the required

materials in its submission of reports to the Department of Defense.

§ 18–52.205 Requirements review, assembly, and submission to the Department of Defense.

The Procurement Office, NASA Headquarters (Code KDP–3), will:

(a) Review field installation reports for accuracy of computations and reasonableness of computed quantities in relation to authorized program procurements;

(b) Summarize data received from field installation into an overall NASA report for submission to the Department of Defense; and

(c) Justify and defend NASA estimates as may be necessary before the Department of Defense and the Office of Emergency Preparedness.

§ 18–52.206 List of controlled materials—Defense Materials System Regulation 1.

DOD Code	Material
1200	Carbon steel (including wrought iron) total.
1212	Ingots, billets, etc. (excluding 1215).
1215	Billets, stock for shell bodies.
1221	Bars, cold finished.
1222	Bars, hot rolled (excluding 1223 and 1225).
1223	Bars, reinforcing.
1225	Bars, stock for shell bodies.
1231	Structural shapes.
1232	Piling.
1240	Pipe and tubing, including threaded couplings.
1251	Plates.
1252	Sheet and strip (excluding 1261).
1261	Sheet, galvanized.
1262	Tin, terne, tin mill black plate.
1270	Rails and track accessories.
1280	Wheels, tires and axles.
1290	Wire rods, wire and wire products.
1300	Alloy steel (excluding 1000 and 1400) total.
1312	Ingots, billets, etc.
1314	Castings, armor.
1321	Bars, cold finished.
1322	Bars, hot rolled.
1331	Structural shapes.
1340	Pipe and tubing, including threaded couplings.
1351	Plates (excluding 1355).
1352	Sheet and strip.
1355	Plates, rolled armor.
1370	Track accessories.
1380	Wheels, tires, and axles.
1390	Wire rods, wire, and wire products.
1000	Stainless steel—nonnickel bearing—total.
1400	Stainless steel—nickel bearing—total.
0600	Nickel alloys—total.
0601	5 percent through 29.9 percent nickel content.
0602	30 percent through 49.9 percent nickel content.
0603	50 percent through 100 percent nickel content.
1510	Brass mill copper base alloy products—total.
1511	Plate, sheet and strip (except 1514).
1512	Rods, bars and wire.
1513	Tube and pipe.
1514	Ammo cups and discs.
1520	Brass mill unalloyed copper products—total.
1521	Plate, sheet and strip.
1522	Rods, bars and wire.
1523	Tube and pipe.
1510 and 1520	Brass mill products—total (sum lines 1510 and 1520).
1530	Wire mill products (copper content).
1540	Foundry products.
1550	Powder—total.
1551	Powder, copper, unalloyed.
1552	Powder, copper base alloys.
1600	Aluminum—total.
1610	Rods and bars, porcelain coated.
1611	Rods and bars, rolled (excluding 1610 and 1612 and excluding stock for 1620, 1630 and 1661).
1612	Rods and bars, rolled, forging and impact extrusion stock.
1620	Wire and cable (excluding 1630).
1630	Rivets and rivet wire.
1651	Sand castings.
1652	Mold castings.
1653	Die castings.
1654	Other castings.
1661	Shapes, rolled structural.
1662	Shapes, extruded (excluding 1663 and 1664).
1663	Shapes, extruded forging stock.
1664	Shapes, extruded, porcelain.
1670	Sheet, strip and plate (excluding 1671 and stock for 1693).
1671	Sheet, strip and plate, porcelain coated.
1680	Tubing.
1691	Powder.
1692	Ingot.
1693	Foil (0.005" and thinner).

Subpart 18–52.3—Allocations and Allotments of Controlled Materials

§ 18–52.300 Scope of subpart.

This Subpart 18–52.3 sets forth procedures for (a) NASA apportionment to installations of controlled materials allocations received from the Department of Defense and (b) allotment of controlled materials by field installations to contractors.

§ 18–52.301 General.

Installations and contractors acquire allotment authority to purchase controlled materials as follows: Under DMS, only the Department of Defense and Atomic Energy Commission are claimant agencies. As an associated agency, NASA allocates the materials it receives from the Department of Defense among the various installations in accordance with § 18–52.302. Installations reserve such quantities of the allocations as they need for in-house use and allot the remainder to prime contractors producing Class A products, in accordance with § 18–52.303.

§ 18–52.302 Allocations to installations.

(a) *Allocation.* The Procurement Office, NASA Headquarters (Code KDP–3) will allocate to installations the allocation of controlled materials received from the Department of Defense, on DD Form 529, Allocation Determination (in duplicate), on the basis of requirement estimates submitted by the installations on DD Forms 614 and 614.1. DMS Officers at installations shall acknowledge receipt of allocations by signing and returning one copy of the DD Form 529 to the Procurement Office. Appropriate entries reflecting the transaction shall be made in DMS ledger accounts. Supplemental allocations will be processed in the same manner. Installations may request additional allocations by letter, telephone, or telegraph. Allocations made by telephone or telegraph will be confirmed by the Procurement Office, NASA Headquarters (Code KDP–3) on DD Form 529.

(b) *Return of unused allocations.* Not later than the 5th day of each month, field installations shall review their controlled materials ledgers, together with their anticipated allotment requirements, to determine whether they have an excess allocation of materials. Allocated quantities determined to be excess shall be returned promptly to the Procurement Office, NASA Headquarters (Code KDP–3). Returns of excess allocated controlled materials will be accepted by the Procurement Office, NASA Headquarters (Code KDP–3) at any time up to the 10th day of the 3rd month of each quarter. Return of excess allocations will be made on DD Form 530, in duplicate.

§ 18–52.303 Allotments.

Installations shall make allotments of controlled materials on every purchase order or contract:

(a) In placing authorized controlled materials orders for the direct purchase of controlled materials, except for small orders;

(b) To prime contractors who produce class A products;

(c) In placing orders for class A products acquired from distributors; and

(d) In placing orders for controlled materials or class A products against GSA schedules.

Effort should be made to assure that prime consumers apply for and receive allotments. Form letters similar to those shown in sections 3 and 4 of the NASA supplement to the PAM may be used for this purpose. Allotments should normally be issued to contractors for the full period of the contract unless the period is beyond the 1-year period within which NASA has been authorized to allot materials. Allotments shall be issued on Form DMS–10, Allotment of Controlled Materials (Production), or DMS–13, Allotment of Controlled Materials (Construction). Decreases of allotments will be made on Forms DMS–11, Allotment Decrease (Production), and DMS–14, Allotment Decrease (Construction). Form DMS–12, Applicant's Return of Allotment, should be used by contractors to return unused portions of allotments. Contractor applications should be screened to determine their reasonable accuracy as to quantities of materials and delivery shedule requested.

§ 18–52.304 Ledger accounts of controlled materials.

(a) Ledger accounts shall be maintained by field installations and NASA Headquarters for recording DMS transactions. The ledgers are necessary to assure that no allotments are issued without proper authority; to record purchases of controlled materials for internal consumption; and to provide data for reports of actions taken.

(b) The following account ledgers shall be maintained as a minimum requirement:

(1) By the Procurement Office, NASA Headquarters (Code KDP-3)—

(i) A ledger which reflects DMS transactions for each installation, showing the allocation made, allotments issued, returns received and remaining balance; and

(ii) A master ledger which summarizes the transactions of all field installations and Headquarters for each DMS material;

(2) By installations—Ledgers for each quarter and each material by program (A1, A2, C2), as appropriate, which reflects the allocations received from Headquarters, allotments issued, returns to Headquarters, and remaining balances.

(c) Detailed information regarding the various types of ledgers which may be established and instructions for recording transactions are set forth in the PAM, sections 5–6 and 5–7. All prime contractors who received allotments from NASA shall be required to maintain allotment accounts, in accordance with DMS Regulation 1 and section 5–6 of the PAM.

§ 18–52.305 Report of allotments and authorized controlled materials orders.

(a) The Defense Materials System Officer of each installation which issues allotments shall provide the Procurement Office, NASA Headquarters (Code KDP–3) with a cumulative monthly report showing, for each controlled material and each calendar quarter, the allocation received, allotments made by claimant programs, amounts issued (with breakout for DX programs), and the unused balances. DD Form 492 will be used for this purpose. The report shall be prepared as of the end of the calendar month and be forwarded so as to reach the Procurement Office, NASA Headquarters (Code KDP–3) on or before the 10th day of the next month. The report shall reflect data contained in the ledger accounts.

(b) The Procurement Office, NASA Headquarters (Code KDP–3) shall review and check field installation reports with NASA master ledger transactions, after which a consolidated report shall be prepared and submitted to the Department of Defense. The Procurement Office, NASA Headquarters (Code KDP–3) report will be made to the Department of Defense by the 15th of the month for the transactions of the preceding month.

Subpart 18–52.4—Special Expediting Assistance

§ 18–52.400 Scope of subpart.

This Subpart 18–52.4 sets forth procedures whereby field installations and contractors may obtain special assistance in expediting delivery of raw materials, supplies, and equipment from commercial sources on NASA programs.

§ 18–52.401 General.

In most instances, with the use of priority rating and timely procurement action, it is possible to obtain satisfactory deliveries of materials and equipment to meet program schedules. However, conflicts occasionally occur among priority-rated programs competing for the same resources. A number of factors may cause such a conflict, such as a shortage of capacity to produce a material or product, or placement by different sources of similar orders on a supplier which require delivery within the same time period. Resolution of problems of this type are accomplished by using the special assistance procedure described herein if they cannot be resolved at the field level. Detailed explanation with regard to the special assistance procedure is contained in section 7 of the PAM and the NASA Supplement thereto.

§ 18–52.402 Criteria for special assistance requests.

(a) Requests for special assistance may be submitted by field installations if there is, as a minimum, a clear demonstration:

(1) Of the relationship and importance of the applicant's requirements to NASA programs;

(2) Of the inability of the applicant to divert materials or equipment from other production to meet requirements;

(3) That failure to obtain the supplies will delay NASA program schedules; and

(4) That satisfactory arrangements cannot be accomplished by the field installation.

(b) Requests may be submitted for assistance in placement of orders, as well as to improve deliveries of orders already placed.

§ 18–52.403 Form, preparation, and routing of requests.

(a) Form BDSAF–138 shall be used for all special assistance requests. Copies of this form may be obtained from Department of Commerce field offices listed in section 9 of the PAM.

(b) The form shall be prepared in accordance with the instructions set forth in section 7–2, Exhibit 2, of the PAM and the NASA supplement. Block 23C through Block 26D of the form should be left blank for use of NASA Headquarters and the Department of Defense offices. The form may be prepared by any authorized field installation representative or by the prime contractor or subcontractors. Prime contractors may prepare forms for their subcontractors, if expedient. However, all forms prepared by contractors must be endorsed by a NASA representative who preferably shall be the DMS Officer of the installation administering the contract. Technical offices of field installations having need for expediting assistance are urged to utilize the services of their local DMS Officer in preparing and processing special assistance requests.

(c) Special assistance requests on BDSAF–138 shall be transmitted in quintuplicate to the Procurement Office, NASA Headquarters (Code KDP–3). For emergency cases involving programs of highest national priority (DX), which warrant special handling to obtain immediate deliveries, requests will be accepted by telephone. Data transmitted by phone shall be confirmed by submission of a Form BDSAF–138 through regular mail channels.

§ 18–52.404 Action by NASA Headquarters.

(a) After receipt of the Form BDSAF–138, a thorough exploration of the case will be undertaken with a view toward determining the specific deficiency (e.g., lack of capacity, prior higher priority orders, shortage of materials, or parts, etc.). On the basis of the information developed, action will be taken to resolve the case by informal arrangements with the supplier and applicant. If this action is unsuccessful, the base will be endorsed, through the Department of Defense, to the Business and Defense Services Administration. One of the following actions will be taken by BDSA:

(1) Arrangement of improved delivery dates by informal agreement with the supplier;

(2) Issuance of a DX rating; or

(3) Issuance of a directive requiring the supplier to produce or deliver the specified item by a specific date.

(b) The Procurement Office, NASA Headquarters (Code KDP–3) will maintain a followup of all cases received and notify field installations as to final disposition of individual cases.

Subpart 18–52.5—Reporting Materials Requirements

§ 18–52.500 Scope of subpart.

This Subpart 18–52.5 sets forth procedures for field installations and Headquarters Program Offices to develop and report requirements for propellants, pressurants and the related materials listed in § 18–52.508.

§ 18–52.501 General.

Requirements within NASA for materials shall be developed where it is the responsibility of NASA to provide or to insure provision of the materials to its contractors. Specifically excluded are the requirements for those programs, projects, boosters, vehicles, or spacecraft where, by agreement, provision of material requirements is the responsibility of the Department of Defense or other Government agency.

§ 18–52.502 Reporting responsibility.

(a) *Scope of report.* Field installations shall submit periodic estimates of requirements for materials listed in § 18–52.508 for all programs under their cognizance, including in-house and contractor requirements. Headquarters Program Offices shall submit periodic estimates of requirements for any existing or potential programs which may not be known to, or not under the cognizance of, a field installation. Reports shall be submitted in duplicate on NASA Form 558, Materials Requirements Report.

(b) *Report due dates—NASA Headquarters.* (1) The reports required by § 18–52.502 shall be forwarded so as to reach the Procurement Office, NASA Headquarters (Code KDP–3) no later than June 10 and December 10. Supple-

mental reports which advise of additions to or significant changes in previous reports shall be submitted at any time.

(2) The reports, covering all materials listed in § 18–52.508 due in June and December shall begin with requirements as of the following July 1 and January 1, respectively, and shall cover a 3-year period. Requirements shall be shown by month for the first 6 months, and by quarters for the remaining 2½-year period.

(c) *Report due dates—Air Force.* (1) The reports required by § 18–52.502 shall be forwarded so as to reach Headquarters San Antonio Air Materiel Area, Kelly Air Force Base, Texas, Attention: SAOS, no later than February 1, March 28, August 1, and September 28. Supplemental reports which advise of additions to or significant changes in previous reports shall be submitted at any time.

(2) The reports covering all materials listed in § 18–52.508 which are obtained pursuant to § 18–5.701 that are due in February and August shall begin with requirements as of the preceding January 1 and July 1, respectively, and shall cover a 3-year period. Requirements shall be shown by month for the first 6 months, and by quarters for the remaining 2½-year period.

(3) The reports due in March and September shall begin with the following April 1 and October 1, respectively and cover a 6 months period by month. These reports shall be limited to requirements for liquid oxygen, liquid nitrogen, hydrazine, UDMH, MMH, UDMH/hydrazine mix, and nitrogen tetroxide that are obtained pursuant § 18–5.701.

§ 18–52.503 Report content.

The reports required by § 18–52.502 shall be made using a separate report form for each material and shall provide the following information for each item of material:

(a) Contract number;

(b) Program and/or project;

(c) Specific task within project;

(d) End use when not associated with named program or project;

(e) Name of contractor;

(f) Specific location of use (shipping destination), and

(g) Planned source of supply.

In addition to the above, requirements for helium should be further classified by use as either Missile Systems and Astronautics, Aerology (include Weather Research), Aeronautical Research (include Wind Tunnels), Welding, or other specific use. Detailed instructions for the preparation of NASA Form 558 appear at the bottom of the form.

§ 18–52.504 Basis for developing materials requirements.

In computing requirements, consideration shall be given to such elements as lead time, waste factors, transfer, and storage losses so that phased requirements reflect the total gross quantities required to be delivered to the use or storage site. Since the requirements estimates are being used by other Government agencies acting as supply sources to actually contract for materials, estimates must be as accurate as possible.

§ 18–52.505 Solicitation of data from contractors.

Estimated requirements and other pertinent data required from contractors shall be obtained on NASA Form 1057, Forecast of Propellant Requirements, and Bureau of the Budget Approval No. 104–RO24 shall be cited.

§ 18–52.506 Availability of forms.

Supplies of NASA Forms 558 and 1057, specified for use in this subpart, may be obtained from NASA Headquarters, Administrative Services Division, Code DHA–42. Local reproduction is not authorized.

§ 18–52.507 NASA Headquarters review.

The Procurement Office, NASA Headquarters (Code KDP–3) shall be responsible for consolidating reports from installations and Headquarters Program Offices, and for coordinating the review of all data with the Headquarters Program Offices. The data will then be used as the basis for NASA requirements reports to various Government agencies for planning and supply support.

§ 18–52.508 Table of reportable materials.

Nomenclature	FSN	Unit of issue	Unit pack
Ammonia, Technical (Anhydrous) (Low Oil Content) 99.97 Percent purity, Specification O–A445.	6830–935–0958	Pound	Bulk.
Aniline Technical Specification MIL–A–10450A	6810–290–0935	do	450-lb. drum.
Argon Gas, 6,000 P.S.I.	6830–882–1793	Cubic feet	576-c.f. cylinder.
Ethylene, Glycol Technical Specification MIL–E–9500	6810–526–2015	Gallon	55-gal. drum.
Helium, Technical Grade A Water Pumped	6830–263–9842	Cubic feet	213-c.f. cylinder.
Do	6830–660–0026	do	Bulk.
Propellant, Ammonia, Liquid Anhydrous (NHS) 99.8 Percent purity, Specification MIL–P–27406.	9135–823–8130	Pound	Do.
Propellant, Beyllium, Powder, Type I (Passivated) AFPID 6810–1.	6810–926–8934	do	Do.
Propellant, Chlorine Tri Fluoride	9135–823–8126	do	2,600-lb. cylinder.
Propellant, Fluorine	9135–823–8123	do	6-lb. cylinder.
Do	9135–823–8122	do	Bulk.
Propellant, Furfuryl Alcohol, Specification MIL–P–46702A.	9135–823–8111	do	800-lb. drum.
Propellant Hydrazine Specification MIL–P–26536A	9135–573–3436	do	440-lb. drum.
Do	9135–753–4568	do	Bulk.
Propellant, Hydrazine/Uns-DiMethyl Hydrazine Specification MIL–P–27402.	9135–753–4919	do	Do.
Do	9135–781–9834	do	375-lb. drum.
Propellant Hydrogen Gaseous, Specification MIL–P–27201.	9135–823–8133	Cubic feet	Bulk.
Propellant, Hydrogen Liquid, Specification MIL–P–27201.	9135–611–1347	Pound	Do.
Propellant, Hydrogen Peroxide, Specification MIL–P–16005.	9135–823–8112	do	300-lb. drum (single head) carload delivery only.
Propellant, Hydrogen Peroxide, Electrolytic Process, Specification MIL–P–16005.	9135–823–8114	do	300-lb. drum (single head) carload delivery only.
Do	9135–823–8113	do	300-lb. drum (double head).
Do	9135–082–2628	do	Bulk.
Propellant, Hydrogen Peroxide, Specification MIL–P–16005.	9135–082–6431	do	Do.
Do	9135–285–4317	do	300-lb. drum (double head).
Propellant, Jet Fuel, Grade RJ–1, Specification MIL–F–25558.	9130–543–7831	Gallon	55-gal. drum (18 gage) Type II.
Do	9130–551–5525	do	Bulk.
Propellant, JPX, 40 percent UDMH/60 percent JP–4 Specification MIL–P–26004.	9130–823–8116	Pound	330-lb. drum.
Do	9130–823–8117	do	Bulk.
Propellant, Kerosene, Grade RP–1 Specification MIL–R–25576.	9130–543–7429	Gallon	Do.
Do	9130–559–2475	do	55 gal. drum (18 gage) Type II.
Do	9130–559–2476	do	55-gal. drum (16 gage) Type.
Propellant, Monomethyl Hydrazine	9135–082–2455	Pound	375-lb. drum.
Do	9135–823–8140	do	Bulk.
Propellant, Monomethyl Hydrazine/Hydrazine, Water Blend.	9135–823–8139	do	Do.
Propellant, Nitric Acid, AFPID 9135–12	9135–764–1260	do	Do.
Propellant, Nitric Acid, Type IA, Specification MIL–P–7254E.	9135–526–1106	do	Do.
Propellant, Nitric Acid, Type IIIA, Specification MIL–P–7254E.	9135–397–1463	do	Do.
Do	9135–399–7943	do	625-lb. drum.
Propellant, Nitric Acid, Type IIIB, Specification MIL–P–7254E.	9135–754–4613	do	Do.
Do	9135–754–4614	do	Bulk.
Propellant, Nitrogen Tetroxide, Specification MIL–P–26539.	9135–754–3694	do	Do.
Do	9135–754–2695	do	2,000-lb. cylinder.
Propellant, Nitrogen Tetroxide-Nitric Oxide-NASA Specification MSC–PPD–2.	9135–926–2164	do	Do.
Do	9135–926–2165	do	Bulk.
Propellant, Oxygen, AFPID–9135–8	9135–965–2527	Ton	Do.
Propellant, Oxygen Specification MIL–P–25508D	9135–559–5287	do	Do.
Propellant, Pressurizing Agent, Nitrogen, Purity 99.997 Percent by volume.	9135–955–7080	do	Do.
Propellant, Pressurizing Agent, Nitrogen, Type 1 Specification MIL–P–27401B.	9135–823–8115	Cubic feet	Do.
Propellant, Pressurizing Agent, Nitrogen, Type 2 Specification MIL–P–27401B.	9135–854–0493	Ton	Do.
Propellant, Pressurizing Agent, Nitrogen, AFPID–9135–7.	9135–965–2526	do	Do.
Propellant, Pressurizing Agent, Nitrogen, AFPID–9135–10.	9135–935–1127	do	Do.
Propellant, Uns-DiMethyl Hydrazine, Specification MIL–D–25604B.	9135–687–4293	Pound	Do.
Do	9135–753–4637	do	335-lb. drum.
Trichloroethylene Technical Specification MIL–T–27602	6810–812–9181	Gallon	53-gal. drum.

Appendix A—NASA Management Instructions 5154.2

SUBJECT: Contract Appeal Procedures.
NMI 5154.2
FEBRUARY 28, 1969
(Effective date)

MANAGEMENT INSTRUCTION

SUBJECT: Contract Appeal Procedures.

1. *Purpose.* This Instruction prescribes the procedures for the adjudication of appeals before the NASA Board of Contract Appeals arising from NASA contracts.

2. *Authority.* Under provisions of NMI 1152.1A, the Board of Contract Appeals is authorized to act for the Administrator in hearing, considering, and deciding appeals by NASA contractors from the findings of fact and final decisions of NASA contracting officers or their authorized representatives made under the color of the "Disputes" clause of a NASA contract. Under paragraph 3b, the Board is granted the authority to issue its rules of procedure.

3. *Notice of Appeal.* An appeal from the findings of fact and final decision of a NASA contracting officer (or his representative if such representative has been authorized by the contracting officer to make final decisions pursuant to the "Disputes" clause) shall be made by submitting a notice in writing addressed to the Board of Contract Appeals (hereinafter referred to as the Board), National Aeronautics and Space Administration, Washington, D.C. 20546. Such notice shall be filed within 30 days from the date of receipt of the written decision of the contracting officer or his authorized representative, unless otherwise provided in the contract. The original notice, together with two copies thereof, shall be mailed to or filed with the contracting officer from whose final decision the appeal is taken. The notice of appeal shall indicate that an appeal is thereby intended, and shall identify the contract (by number), the contracting officer, and specify the portion of the findings of fact and final decision from which the appeal is taken; however, an appeal shall not be deemed invalid if the notice expresses a desire for a review of a final adverse decision. The notice shall be signed by the contractor or his representative. A suggested form of notice of appeal is set forth in Attachment A. Upon receipt of the notice of appeal from the contracting officer, the Board shall notify the contractor that the appeal has been docketed and shall furnish the contractor with a copy of these rules.

4. *Action by Contracting Officer.* a. When a notice of appeal in any form has been received by the contracting officer, he shall endorse thereon the date of mailing or the date of receipt if otherwise filed, and shall forward the original of such notice immediately to the Chairman of the Board for docketing. The notice of appeal shall be accompanied with a copy of the contracting officer's final decision. Within 20 days from the date of receipt of the notice of appeal, the contracting officer shall transmit one copy of the notice of appeal to the General Counsel for use of Government counsel and one copy to the Board. The Board's copy shall be accompanied with a file consisting of:

(1) The findings of fact and the final decision from which the appeal is taken;

(2) All documents relied upon in making the findings and final decision;

(3) A copy of the contract and specifications, pertinent plans, amendments, and change orders;

(4) All correspondence between the parties relating to the dispute;

(5) Transcripts of any testimony taken in connection with the dispute and any affidavits or statements of any witnesses that were made prior to the notice of appeal; and

(6) Such additional information as the contracting officer may consider material.

b. True copies may be substituted for originals in this file. The file shall be appropriately indexed, and three copies of the index shall accompany the file. The Board shall forward a copy of the index to the Appellant.

5. *Designation of Government Counsel.* Upon receipt of the copy of notice of appeal from the contracting officer, the General Counsel shall promptly designate counsel to represent the interests of the Government. Government counsel shall file a notice of appearance with the Board, and notice thereof shall be given promptly to the contractor by the Board.

6. *Petition.* a. A petition in support of the appeal shall be filed by the appellant with the Board within 30 days after receipt of notice from the Board that the appeal has been docketed or within such longer period of time as may be allowed by the Board. A supporting brief may also be filed. The petition shall set forth:

(1) A summary of the decision of the contracting officer on the dispute from which the appeal is taken; and

(2) A simple, concise, and direct statement of each claim upon which the contractor relies and the reasons why the findings or decision are deemed erroneous.

b. Documentary evidence in support of claims may be filed as exhibits to the petition. Exhibits shall be plainly listed and identified in the petition. An original and two copies of the petition and exhibits shall be filed. Upon receipt thereof the Board shall forward a copy of the petition to counsel for the Government and a copy to the contracting officer.

7. *Answer.* a. Within 30 days after receipt of the petition, or within such longer period of time as may be allowed by the Board, counsel for the Government shall prepare and file with the Board an answer thereto. The answer shall set forth simple, concise, and direct statements of the Government's position on each claim asserted by the contractor. A supporting brief may also be filed.

b. Documentary evidence in support of the Government's position may be filed as exhibits to the answer. All documents filed as exhibits to the answer shall be plainly listed and identified in the answer. An original and two copies of the answer and exhibits shall be filed with the Board. Upon receipt thereof the Board shall forward a copy of the answer to the contractor or his attorney and a copy to the contracting officer.

8. *Reply.* The contractor may file a reply within 15 days after receipt of the answer of counsel for the Government.

9. *Appeal File—Inspection of File.* The appeal file shall consist of the notice of appeal, documents required to be filed pursuant to paragraph 5, the petition and exhibits thereto, the answer and exhibits attached thereto, all papers filed by the parties with the Board pursuant to instructions contained herein, and all correspondence exchanged between the Board and the parties or their attorneys. The appeal file shall be available for inspection by the appellant and Government counsel at the offices of the Board or the office of the contracting officer.

10. *Amendments to Petition and Answer.* At any time before oral hearing or before submission of a case by the parties without an oral hearing, the Board at its discretion may permit a party, within the proper scope of the appeal, to amend its petition or answer, upon conditions just to both parties. The Board, at its discretion or upon application by a party, may order a party to make a more definite statement of its petition or answer, or to reply to an answer. When issues within the proper scope of the appeal but not raised by the petition and answer are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised therein. If evidence is objected to at the hearing on the ground that it is not within the issues made by the petition and answer, the Board may allow the pleadings to be amended within the proper scope of the appeal and shall do so freely when the presentation of the merits of the action will be served thereby and the objecting party fails to satisfy the Board that the admission of such evidence would prejudice him in maintaining his case or defense upon the merits. The Board may however, grant a continuance to enable the objecting party to meet such evidence.

11. *Trial Briefs.* The Board at its discretion may order the submission of trial briefs prior to oral hearing.

12. *Motions to Dismiss for Lack of Jurisdiction.* Defenses which go to the jurisdiction of the Board shall be raised by motion. However, the Board shall be deemed to have jurisdiction over any appeal, if timely filed, arising from the findings of fact and final decision of a NASA contracting officer or his authorized representative pursuant to the "Disputes" clause of a NASA contract. Filing of motions to dismiss for lack of jurisdiction shall not be unreasonably delayed. Motions to dismiss for lack of jurisdiction shall, upon application of either party, be heard and determined before oral hearings on the merits. The Board, however, has the right at any time to recognize its lack of jurisdiction to proceed in a particular case.

13. *Failure to State a Case.* If, after completion of the pleadings, the Board finds that the appellant has failed to state a case on which any relief could be granted by the Board, the Board may give notice to the appellant to show cause why the appeal should not be dismissed on the ground that no useful person would be served by setting the case for oral hearing on the merits. The appellant, in such event, will be afforded an opportunity to be heard orally for the purpose of showing cause why the appeal should not be dismissed on that ground and, if the appellant so desires, to move to amend the petition within the proper scope of the appeal. If the Board thereafter finds that the appellant has failed to show cause, and finds that the petition, with such amendments as may be offered by the appellant, fails to state a case on which the Board could grant relief, the appeal shall be dismissed.

14. *Depositions and Discovery.* a. Depositions:

(1) *When Depositions May Be Taken.* After an appeal has been filed with the Board, either party, upon notice, may take the testimony of any person by deposition upon oral examination or written interrogatories for the purpose of discovery or for use as evidence or for both purposes.

(2) *Scope for Examination; Cross-Examination.* The deponent may be examined regarding any matter, not privileged, which is relevant and provided only that the testimony sought appears reasonably calculated to provide admissible evidence. The deponent may be cross-examined with respect to the subject matter of the deposition.

(3) *Before Whom Taken.* Depositions shall be taken before an officer authorized to administer oaths at the place of examination.

(4) *Notice.* Except as otherwise agreed to by the parties, the party taking the deposition shall give the opposing party at least a 15-day written notice of the time and place where the deposition is proposed to be taken, the name and address of the witness, if known, and if the name is not known, a general description sufficient to identify him for the particular class or group to which he belongs.

(5) *Deposition Upon Written Interrogatories.* If the deposition is to be upon written interrogatories, the notice shall be accompanied with a copy of the interrogatories; and within 10 days after receipt of the notice, the party served may serve cross-interrogatories to be propounded to the witness by forwarding them to the party proposing to take the deposition.

(6) *Form and Return of Deposition.* Each deposition should show the docket number and caption of the proceedings, the place and date of taking, the name of the witness, and the names of all persons present. The person before whom the deposition is taken shall certify thereon that the witness was duly sworn by him and that the deposition is a true record of the testimony given by the witness, and he shall enclose the original deposition and exhibits in a sealed prepaid package and forward same to the Board. The Board shall give notice of its filing to the parties.

(7) *Use of Deposition.* No testimony taken by deposition shall be considered as part of the evidence in the hearing of an appeal unless such testimony is offered and received in evidence at the hearing. Depositions may be used for any purpose, except that depositions will not ordinarily be received in evidence in lieu of testimony if the deponent is present and can testify personally at the hearing, or if the party seeking its admission failed to make reasonable efforts to secure the presence of the deponent at the hearing. If the appeal is to be submitted without a hearing, all depositions shall be deemed to be a part of the record before the Board, except that either party may move to strike all or any portion thereof.

(8) *Expenses.* The party taking the deposition shall pay his expenses and those of his witness and the cost of the original record. Copies of the deposition will be made available to either party by the officer before whom the deposition is taken upon the payment of a reasonable fee.

b. *Interrogatories to Parties.* After an appeal has been filed with the Board, a party may serve on the other party written interrogatories to be answered separately in writing, signed under oath, and returned within 15 days. Upon timely objection by the party on whom the interrogatories are served, the Board will determine the extent to which the interrogatories will be permitted. The scope and use of interrogatories will be determined by subparagraph a(2) and (7).

c. *Discovery and Production of Documents and Tangible Things for Inspection, Copying, or Photographing.* Upon motion of any party showing good cause therefor, and upon notice, the Board may order the other party to produce and permit the inspection and copying or photographing of any designated documents, papers, books, accounts, letters, photographs, objects or tangible things, not privileged, which are reasonably calculated to lead to the discovery of admissible evidence. If the parties cannot themselves agree thereon, the Board shall specify just terms and conditions of making the inspection and taking the copies and photographs.

d. *Admission of Facts and of Genuineness of Documents.* A party may make a written request for admission by the other party of the genuineness of documents or of the truth of facts. Each of the matters for which an admission is requested shall be deemed admitted unless specifically denied or objected to within 20 days after receipt of the request, or as otherwise directed by the Board. Copies of any such request and the response thereto shall be furnished to the Board.

e. *Orders for the Protection of Parties and Deponents.* After discovery proceedings have been initiated pursuant to this paragraph, upon motion seasonably made by a party or by the person to be examined and upon notice and for good cause shown, the Board may make any order which justice requires to protect the party or witness.

f. *Refusal to Make Discovery.* The Board, on its own motion or upon the motion of a party, may enter such orders as are just under the circumstances to ensure compliance with this section. Such orders may include, but are not limited to:

(1) An order that the matters regarding which the questions were asked, or the character or description of the thing or land, or the contents of the paper, or the physical or mental condition of the party, or any other designated facts shall be taken to be established for the purposes of the action in accordance with the claim of the party obtaining the order;

(2) An order refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting him from introducing in evidence designated documents or things or items of testimony, or from introducing evidence of physical or mental condition;

(3) An order striking out pleadings or parts thereof, or staying further proceedings until the order is obeyed, or dismissing the action or proceeding or any part thereof.

15. *Stipulations.* The parties may stipulate in writing to any facts that are relevant and material to the issues involved, and to those documents or facts which may be received in evidence without formal proof.

16. *Prehearing Conference.* a. The Board, upon its own initiative or upon application of one of the parties, may direct the parties or their attorneys to appear before the Board or a member designated by the Chairman at a specified time and place for a conference to consider:

(1) Simplification of the issues;

(2) The possibility of obtaining stipulations as to admissions of fact and introduction of documents which will avoid unnecessary proof;

(3) The limitation of the number of expert witnesses, if a hearing is to be held; and

(4) Such other matters as may aid in the disposition of the appeal.

b. The results of the conference shall be reduced to writing by the Board or the member designated by the Chairman and made part of the record.

17. *Settlement.* A dispute may be settled at any time by the contractor's filing written notice withdrawing his appeal or by written stipulation between the contractor and the Government counsel filed with the Board settling either the entire dispute or any part thereof. If only part of the dispute is settled, the appeal shall continue as to any issues remaining in dispute.

18. *Filing of Papers.* The parties shall file with the Board an original and two copies of all papers, subsequent to the petition and answer. Upon receipt thereof, the Board shall forward a copy to the opposing party.

19. *Hearing.* a. The contractor may submit the case on the record or request a hearing. The Board shall, at the request of either party within 15 days after the answer is filed, grant a hearing. The parties shall be given at least a 15-day written notice of the time and place of hearing.

b. Hearings will be held at NASA Headquarters, Washington, D.C., unless otherwise ordered by the Board.

c. Hearings shall be as informal as may be reasonably allowable and appropriate under all the circumstances. Both parties may offer oral and written evidence, subject to the exclusion by the Chairman of any irrelevant, immaterial or repetitious evidence. The general procedure as to the introduction of evidence and the calling of witnesses shall be at the discretion of the Chairman.

d. Testimony shall be under oath or affirmation, unless the facts are stipulated or the Chairman shall otherwise order. Attention of witnesses shall be invited to the provisions of 18 U.S.C. 1621 relating to false testimony under oath. If the testimony of a witness is not given under oath the Board shall invite the attention of the witness to the provisions of 18 U.S.C. 287 and 1001; Section 19 of the Contract Settlement Act of 1944 (41 U.S.C. 119); and any other provisions of law imposing penalties for knowingly making false representations in connection with claims against the United States or in any matter within the jurisdiction of any department or agency thereof.

e. The Board shall make provision for a verbatim transcript of the hearing.

f. After a decision has become final, the Board may, upon request and after notice to the other party, permit the withdrawal of original exhibits, or any part thereof, by the party entitled thereto. The substitution of true copies of exhibits or any part thereof may be required by the Board at its discretion as a condition of granting permission for such withdrawal.

20. *Optional Accelerated Procedure.* Should an appeal involve $5,000 in amount or less, it may at the option of appellant be processed under this section. In the event of such election, the Board will undertake to issue a decision on the appeal on an expedited basis, without regard to its normal position on the docket. Under this accelerated procedure, the case will be further expedited if the parties elect to waive pleadings and/or elect to waive the hearing and submit on the record. In all other respects, these rules will apply.

21. *Representation of the Contractor.* An individual appellant may appear before the Board in person; a corporation may be represented by an officer thereof; a partnership or joint venture by a member thereof; or an organization may be represented by an attorney-at-law duly licensed in any State, Commonwealth, or in the District of Columbia. In special cases, the Board may authorize contractors to be represented by persons other than those mentioned.

22. *Decisions.* Decisions of the Board shall be made in writing and shall reflect the opinion of a majority of the members deciding the appeal. Copies of the decision shall be forwarded simultaneously to both parties. All final orders and decisions (except those required for good cause to be held confidential) shall be available for public inspection at the offices of the Board of Contract Appeals, National Aeronautics and Space Administration, Washington, D.C. 20546.

23. *Reconsideration.* A request for reconsideration by the Board may be filed within 30 days after the date of the decision. Such request shall set forth specifically the ground or grounds relied upon to sustain the request.

24. *Standards of conduct.* No member of the Board shall consider an appeal if he has participated in the award or administration of the contract in question. There shall be no communication between a party or other person having an interest in the outcome of the appeal and a Board member or Board

employee concerning the merits of the appeal, unless such communication is also formally served upon the other party (or parties) to the appeal, or is made in their presence.

ERNEST W. BRACKETT,
Chairman,
Board of Contract Appeals.

Attachment A: Format for Notice of Appeal.
Distribution SDL 1: Published in the FEDERAL REGISTER under Title 14, Chapter V, Subpart 1241.1 (34 F.R. 3613–3616, Feb. 28, 1969).

Attachment A:
NMI 5152.2

FORMAT FOR NOTICE OF APPEAL

The following is a suggested format for notice of appeal:

Date ---------

BOARD OF CONTRACT APPEALS,
National Aeronautics and
Space Administration,
Washington, DC 20546

Appeal of ----------
(Name of Contractor)
Address ----------
(Street No.) (City) (State/ZIP code)
Contract No. (Invitation No.) ----------
Specification No. ----------

(Name and location of project)

(Name of NASA office or field installation)

The undersigned contractor appeals to the NASA Board of Contract Appeals from the decision or findings of fact dated ---------- by ----------
(Name of Contracting Officer)

The decision or findings of fact are erroneous because: (State specific facts and circumstances and the contractual provisions involved. Use additional pages as necessity.)

(Signature)

(Title)

Appendix B—Control of Government Property in Possession of Contractors

SUBPART 1—INTRODUCTION

B.100 *Scope of Appendix.* This appendix sets forth the basic requirements to be observed by contractors in establishing and maintaining control over Government property provided pursuant to the terms of contracts with the National Aeronautics and Space Administration. To the extent of any inconsistency between this appendix and the terms of the contract under which the Government property is provided, the terms of the contract shall govern.

B.101 *General.* The contractor shall be directly responsible for and accountable for all Government property in accordance with the provisions of the contract including property provided under such contract which may be in the possession or control of a subcontractor. The contractor shall establish and maintain a system (in accordance with the provisions of this appendix) to control, protect, preserve, and maintain all Government property. This system shall be reviewed and, if satisfactory, approved in writing by the assigned property administrator. The contractor shall maintain and make available such records as are required by Subpart 3 of this appendix and must account for all Government property until relieved of responsibility therefor in accordance with procedures set forth in Subpart 2 of this appendix. Liability for loss, damage, or excessive use of property in a given instance will necessarily depend upon all the circumstances surrounding the particular case and must be considered and determined in accordance with the provisions of the contract. The contractor shall furnish all necessary data to substantiate any request for discharge from responsibility.

(a) The contractor shall require any of his subcontractors who are provided Government property under the prime contract to comply with the provisions of this appendix. Procedures for assuring subcontractor compliance shall be included in the contractor's approved property control system. In those instances where the property administrator assigned to the contract has requested supporting property administration, the contractor may accept the system approval and continuing surveillance of the supporting property administrator in lieu of performing duplicative actions to assure the subcontractor's compliance with the provisions of this appendix.

(b) In the event any portion of the contractor's property control system is found to be inadequate upon review by the property administrator, any necessary corrective action will be accomplished by the contractor prior to approval of the system. When agreement as to adequacy of control and corrective action is not reached between the contractor and the property administrator, the matter will be referred to the contracting officer.

(c) When Government property (excluding misdirected shipments) is disclosed to be in the possession or control of the contractor but not provided in accordance with the provisions of any contract, the contractor will, as promptly as possible, (i) record such property according to the established property control procedure, and (ii) furnish the property administrator with all known circumstances and factual data pertaining to its receipt and a statement as to whether there is a need for retention of such property. For misdirected shipments see B.313.

(d) The contractor shall report all Government property in excess of the amounts needed to complete full performance under the contract pursuant to which it was provided, or other existing contracts which authorize the use of such property, as promptly as possible after disclosure of the condition.

B.102 *Definitions.* As used in this appendix:

B.102–1 *"Property administrator"* means the individual duly designated by appropriate authority to administer the contract requirements and obligations relative to Government property. He is an authorized representative of the contracting officer.

B.102–2 *"Government property"* means all property owned by or leased to the Government or acquired by the Government under the terms of a contract. Government property includes both Government-furnished property and contractor-acquired property as defined below:

(i) Government-furnished property is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor; and

(ii) Contractor-acquired property is property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government (see B.201(e)).

B.102–3 "Provide," as used in the context of such phrases as "Government property provided to the contractor" and "Government-provided property," means either to furnish, as in "Government-furnished property," or to acquire, as in "contractor-acquired property."

B.102–4 "Government material" means Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies.

B.102.5 "Special tooling" mean all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(i) Consumable property;

(ii) Special test equipment; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

B.102–6 "Special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical or other items or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment but does not include:

(i) Consumable property;

(ii) Special tooling; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

B.102–7 "Facilities" means industrial property (other than material, special tooling, space property, and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements, and plant equipment.

B.102–8 "Real property," for purposes of accounting classification, means (i) land and rights therein (ii) ground improvements, (iii) utility distribution systems, (iv) buildings, (v) structures, and leasehold improvements. It excludes foundations and other work necessary for the installation of special tooling, special test equipment and plant equipment.

B.102–9 [Reserved]

B.102–10 "Plant equipment" means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose. (For financial reporting purposes see NASA Form 1018 Instructions.)

B.102–11 "Industrial plant equipment (IPE)" means that part of plant equipment with an acquisition cost of $1,000 or more which is listed in § 18–13.312.

B.102–12 "Minor plant equipment" means an item of plant equipment having an acquisition cost of less than $200.

B.102–13 "Accessory item" means an item which facilitates or enhances the operation of plant equipment but which is not essential for its operation, such as remote control devices.

B.102–14 "Auxiliary item" means an item without which the basic unit of plant equipment cannot operate, such as motors for pumps and machine tools.

B.102–15 "Salvage" means property which, because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or

use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

B.102-16 "Scrap" means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

B.102-17 "Custodial records" means written memoranda or identifying checks of any description or type used to control items issued from tool cribs, tool rooms, stockrooms, etc., such as requisitions, issue hand receipts, tool checks, stock record books, etc.

B.102-18 *"Individual item record"* means a separate card form, or document utilized to account for one item of property.

B.102-19 *"Stock record"* means a perpetual inventory form of record which shows by nomenclature, the quantities received and issued and the balances on hand.

B.102-20 *"Discrepancies incident to shipment"* means all deficiencies incident to the shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include, but are not limited to loss, damage, destruction, improper status and condition coding, error in identity or classification, and improper consignment.

B.102-21 *"Space property"* means personal property which is peculiar to aeronautical and space programs of NASA, and is not otherwise included in the categories of property set forth in §§ 18-13.101-4, 18-13.101-5, 18-13.101-6, and 18-13.101-8. It includes such items as aircraft, engines, space vehicles, and other similar components and related support equipment furnished for use as a standard or model, to establish equipment compatibility, or for such other similar reasons as may be determined by the contracting officer.

B103 *Segregation or Commingling of Government Property and Contractor's Property.* GGovernment property will be segregated and kept physically separate from contractor-owned property. However, when advantageous to the Government and consistent with the contractor's authority to use such property, the property may be commingled:

(a) When the Government property is special tooling, special test equipment or plant equipment which is clearly identified and recorded as Government property;

(b) When approved by the property administrator in connection with research and development contracts;

(c) When material is included in a multi-contract cost and material control system approved in accordance with B.303(e)(ii);

(d) When (i) scrap of a uniform nature is produced from both Government-owned and contractor-owned material and physical segregation is impracticable, (ii) scrap produced from Government-owned material is insignificant in consideration of the cost of segregation and control, or (iii) Government contracts involved are fixed-price in nature and provide for the retention of the scrap by the contractor; or

(e) When otherwise approved by the property administrator.

B.104 *Audit of Property Control System.* The contractor's Government property control system shall be audited by the Government as frequently as conditions warrant. Any such audit or audits may take place at any time during the performance of the contract, upon completion or termination of the contract, or at any time thereafter, during the period the contractor is required to retain such records. The contractor shall make all such records, including correspondence related thereto, available to the auditors.

B.105 *Administration of Space Property.* Due to the special nature of space property the contract under which it is provided generally will contain specific requirements for maintenance and control. Moreover, the following conditions shall be observed: (1) Each item of the property shall be identified by its federal item identification number and Government nomenclature, and (ii) upon the completion or termination of the contract the contractor shall request and comply with disposition instruction from the contracting officer. To the extent specified in the contract, provisions of this appendix shall apply to Space Property.

SUBPART 2—CONTRACTOR'S RESPONSIBILITY

B.200 *Scope of Subpart.* This subpart covers to the extent not otherwise provided in the contract, (i) the duties and responsibilities of the contractor with respect to Government property, (ii) the obligations of the contractor with respect to the control of Government property, both physically and administratively, and (iii) the liability of the contractor for Government property lost, damaged, destroyed, or for which the contractor is otherwise unable to account.

B.201 *Assumption of Responsibility.* A contractor shall be responsible for all Government property in his possession or control in accordance with the terms of the contract including property provided under such contract which may be in the possession or control of a subcontractor. Sources from which Government property may be furnished or acquired are as follows:

(a) *NASA Installations or Other Contractor's Plants.* Government property may be shipped to a contractor from NASA installations, other Government installations, or plants of NASA or other Government agency contractors. For the purpose of this appendix, the contractor shall become responsible for such property upon delivery of the property into his custody or control. The shipping activity shall furnish the contractor with copies of documents necessary to permit the contractor's property records to accurately reflect the transaction.

(b) *Direct Purchase by the Contractor.* Direct purchases shall be subject to a determination by the NASA contracting officer that the items are allocable to the contract involved and are reasonably necessary therefor. For purposes of property control within the scope of this appendix, it shall be considered that property purchased by the contractor, for which reimbursement is to be requested, becomes Government property upon its receipt by the contractor. This provision shall not be deemed to alter or modify contractual provisions relating to passage of title.

(c) *Withdrawal from Contractor-Owned Stores.* For purposes of property control, within the scope of this appendix, property withdrawn from contractor-owned stores, for direct charge to the contract, shall be considered Government property at the time of approval of the claim for reimbursement, or at the time of issuance for use of such property for the performance of the contract, whichever is earlier.

(d) *Contract Provisions, Terminations, Contract Changes.* Pursuant to specific contractual provisions, or as a result of termination of a contract, or change orders issued under a contract, the Government may acquire title to property. For purposes of property control, such property shall, unless otherwise provided by the contract, be considered Government property upon acceptance of title by the Government.

(e) *Advance, Progress, or Partial Payments.* Pursuant to the terms of a contract, the Government may acquire a lien or title to property upon the making of advance, progress, or partial payments to the contractor. Property to which the Government has acquired a lien or title solely as a result of advance, progress, or partial payments shall not be subject to the provisions of this Appendix.

B.201-1 *Evidence of Receipt of Government Property.* The contractor shall furnish written receip stfor all, or specific classes of Government-provided property only in those instances where such action is determined by the property administrator to be essential for maintenance of minimum acceptable property controls. Where such evidence of receipt is required for contractor-acquired property, it shall be provided by the contractor not later than the time he submits his application for payment (public voucher) for the property. In the instance of Government-furnished property, the required receipt shall be provided by the contractor immediately upon receipt of the property.

B.201-2 *Discrepancies Incident to Shipment.*

(a) *Government-Furnished Property.* When overages, shortages, or damages are discovered upon receipt of Government-furnished property, the contractor shall provide a statement of the condition and the apparent causes in accordance with procedures approved by the property administrator pursuant to B.101. When the quantity or description of property received by a contractor differs from the quantity or description denoted as shipped on the shipping document, only that quantity, or property, actually received will be recorded on the official records of the contractor.

(b) *Contractor-Acquired Property.* The contractor shall take all actions necessary in adjustment of overages, shortages, or damages in shipment of contractor-acquired property from a vendor or supplier; except in those instances wherein the shipment has moved via Government bill of lading and carrier liability is indicated. In the latter event, the contractor shall report the instance in accordance with B.201-2(a) above.

B.202 *Relief from Responsibility.* Subject to specific instructions of the contracting officer, and unless otherwise provided for in the contract, the contractor shall be relieved of his property control responsibility for Government property by the following:

(a) *Consumption of Property in the Performance of the Contract.* To the extent that the property administrator determines that property has been consumed or expended for proper purposes and in reasonable amounts in the performance of the contract;

(b) *Retention by the Contractor.* When the contractor retains with the approval of the contracting officer Government property for which the Government has received consideration;

(c) *Sale of Property.* For Government property sold pursuant to instructions of the plant clearance officer: *Provided*, That, the proceeds of such sale shall have been received by or credited to the Government;

(d) *Shipment of Government Property from a Contractor's Plant.* When Government property is shipped from the contractor's plant (except when shipment is to a subcontractor or other location of the contractor) pursuant to the instructions of the plant clearance officer or the property administrator; or

(e) *Determination by the Contracting Officer.* For Government property which is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operation, and for which the contracting officer has determined the extent of liability, if any, of the contractor: *Provided*, That:

(i) Such determination is furnished to the contractor in writing;

(ii) The Government has been reimbursed where required by the determination; and

(iii) Proper disposition of property rendered unserviceable by damage has been accomplished, and appropriate cross-reference is recorded on the determination as to the shipping document or other documents evidencing disposal.

B.203 *Contractor's Liability.*

(a) Subject to the terms of the contract, the contractor may be liable when shortages of Government property are disclosed or when Government property is lost, damaged, or destroyed, or when there is evidence of unreasonable use or consumption of Government property as measured by the allowances provided for by the terms of the contract, the bill of material, or other appropriate criteria.

(b) The contractor shall report all cases of loss, damage, or destruction of Government property in his possession or control to the property administrator as soon as such facts become known or when requested by the property administrator. The report shall be furnished when completed and accepted products or end items are lost, damaged, or destroyed while such property is in the possession or control of the contractor.

(c) The contractor shall require any of his subcontractors having Government property in their possession or control which is accountable under the contract to report to him all instances of loss, damage, or destruction of such Government property. Further procedures shall be in accordance with that prescribed in (a) and (b) above.

SUBPART 3—RECORDS OF GOVERNMENT PROPERTY

B.300 *Scope of Subpart.* This subpart establishes minimum requirements for records to be established and maintained by the contractor for Government property in his possession or control.

B.301 *General.*

(a) It is the Government's policy to rely upon contractor property control records and to designate and use such records as the official contract records unless an exception has been authorized due to special circumstances. The contractor shall establish and maintain adequate control records, either manual or mechanized, in accordance with the requirements of this appendix for all Government property provided under a contract, including property provided under such contract as may be in the possession or control of a subcontractor. When the subcontractor has a property control system approved by the Government for Government property provided under the subcontractor's own prime contracts, the contractor will utilize records created and maintained in accordance with such approved system unless otherwise directed by the property administrator.

(b) The contractor's property control system shall provide financial accounts for Government-owned property in the contractor's possession or control. The system shall be subject to internal control standards and be supported by property records for such property in the manner described in this Subpart 3.

(c) The official records shall be kept in such condition that at any stage of completion of the work under a contract the status of Government property may be readily ascertained.

(d) Separate property records for each contract are desirable but a consolidated property record may be maintained; provided, that the consolidated record provides the information set forth in this subpart.

(e) Special tooling and special test equipment fabricated from materials which are the property of the Government will be appropriately recorded as Government-owned special tooling or special test equipment immediately upon fabrication. Special tooling and special test equipment fabricated from materials which are the property of the contractor will be appropriately recorded as Government property at the time title passes to the Government.

(f) Property records of the same type which would have been established for components if acquired separately shall be established for such usable components which are permanently removed from items of Government property as a result of modification or otherwise.

(g) The contractor's property control system shall contain an adequate locator system or techniques to permit the location of any item of Government property within a reasonable period of time after request therefor.

B.302 *Pricing.* Except as provided in B.302–1 the contractor's property control system shall contain the unit price for each item of Government property recorded therein. It is a recognized practice of many contractors to record the unit price of property on other than the quantitative inventory record, thus requiring the use of supplementary records to ascertain unit prices. Under such circumstances, the supplementary records containing such information shall be identified and recognized as a portion of the official property records. The requirement that unit prices be contained in the official property records will not apply to those separate property records located at contractor's secondary sites and subcontractor's plants: *Provided*, That: (i) records maintained by the prime contractor at his primary site are in full compliance in this respect and (ii) the prime contractor agrees to furnish either actual or reasonable estimated unit prices to the secondary site or subcontractor as the need arises. When definite information as to unit price cannot be obtained, reasonable estimates will be used.

B.302–1 *Contractor-Acquired and Contractor-Fabricated Property.* The unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the contractor in conformance with sound accounting principles and consistently applied. Generally, it is desired that separate unit prices be applied to items of special tooling and special test equipment fabricated or acquired by the contractor. However, if the contractor's accounting system is acceptable, and if the maintenance of detailed cost records results in excessive accounting cost or is otherwise impracticable considering all circumstances, group pricing may be used for special tooling and special test equipment. Group pricing may also be used for work-in-process in accordance with the contractor's acceptable cost accounting system. Processed material, fabricated parts, components, assemblies, etc., charged to the contractor's work-in-process inventory, including items in temporary storage while awaiting processing may be considered as work-in-process for the purpose of compliance with this requirement. Nothing in the foregoing lessens the requirement for quantitative property controls for special tooling, special test equipment, and work-in-process necessary for the proper protection of the Government's interest.

B.302–2 *Government-Furnished Property.* The unit price of Government-furnished property shall be determined by the Government and furnished to the contractor. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to the contractor. In event the unit price is not provided on the document, action will be taken through the property administrator to obtain the information.

B.303 *Records of Material.* All Government material furnished to the contractor, as well as other material to which title has passed to the Government by reason of allocation from contractor-owned stores or purchase by the contractor for direct charge to a Government contract or otherwise, shall be recorded in accordance with the contractor's property control system, as follows:

(a) *Contractor's Property Control System.* Except as provided in (d) and (e) below, the contractor's property control system shall be such as to provide the following information:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including Federal Stock Number if known);

(iii) Quantity received;

(iv) Quantity issued;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location; and

(ix) Disposition.

(b) *Consolidated Stock Record.* When a contractor has more than one Government contract under which Government material is provided, a consolidated record for materials may be authorized by the property administrator; provided, the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(c) *Custodial Records.* Custodial records shall be maintained for tool crib items, guard force items, protective clothing, and other items issued for the use of individuals in the performance of their work under the contract.

(d) *Use of Receipt and Issue Documents.* When authorized by the property administrator, the contractor may maintain, in lieu of "stock records," a file of appropriately cross-referenced documents evidencing receipt, issue and use of Government-provided material which is issued for immediate consumption upon receipt and is not entered in the inventory record as a matter of sound business practice. This method of control may be authorized by the property administrator in the following instances:

(i) Material charged through overhead, including but not limited to items used in manufacturing, maintenance, and office supplies;

(ii) Material under research and development contracts;

(iii) Subcontract or outside production items;

(iv) Nonstock or special items. These items are considered to be those whose procurement cycle is irregular and infrequent;

(v) Items which are produced for direct charge to a contract, procured and issued for installation upon receipt, and involve no spoilage such as maintenance and repair parts for plant equipment; or

(vi) Items issued from contractor-owned inventory direct to production, maintenance, etc.

(e) *Multicontract Cost and Material Control.*

(i) *Description and Scope.* A multicontract cost and material control system constitutes a modification of the requirements for physical identification of Government material and substitutes therefor a system of financial accounting. The system operates as follows:

(A) The contractor may acquire, purchase, requisition, receive, store, and issue like items of material for the total requirements of all contracts involved in the system without identifying the material to each contract.

(B) The contractor may commingle, during all stages of contract performance, Government-owned and contractor-owned material and work-in-process, which was furnished, acquired, or produced for all Government contracts of any type covered by the system, without physical segregation or identification to the individual contracts.

(C) In lieu of physical segregation and identification to individual contracts, periodic calculation of requirements and distribution of costs to all contracts permits the allocation of material costs to products delivered. This system, by reflecting the materials expended to perform each contract at any stage in production, permits usage analysis to determine the reasonableness of consumption and expenditure of Government material.

(D) The system may appropriately include all Government contracts of any type which involve common repetitive operations.

(E) The system does not require commingling of all common materials of all contracts included. For example, items of Government-furnished material of high value or in short supply may be excluded from commingling and reserved for use in performance of the contract under which furnished.

(F) Notwithstanding B.502, physical inventories of material in stores included in the systems (other than work-in-process) will be taken by the contractor at least annually, price extended, and reconciled to the quantitative balance for each item, and adjustments recorded in the stock record and financial inventory control accounts. Such physical inventories and adjustments shall be reviewed by and are subject to the approval of the property administrator. An equitable distribution to cost accounts of any inventory losses will be subject to a like review and approval.

(ii) *Authorization.* The Procurement Officer responsible for contract administration at the contractor's plant involved or his designee may authorize a contractor who is performing or will perform more than one Government contract to use the multicontract cost and material control system in accordance with this paragraph. The property administrator will, for each system authorized, approve detailed operating procedures as are necessary for that particular system.

(iii) *Criteria.* A multicontract cost and material control system may be authorized if:

(A) The contractor demonstrates that savings or improved operations will result from adoption of the system or that it will otherwise be in the interest of the Government;

(B) The contractor's accounting system is adequate to satisfy the requirements set out in B.312; and

(C) The system is applied to existing Government contracts only and excludes materials acquired or costs incurred for non-Government work or in anticipation of future Government work.

B.304 *Records of Special Tooling.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special tooling:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Quantity received or fabricated;

(iv) Posting reference and date of transaction;

(v) Location;

(vi) Disposition;

(vii) Unit or group price; and

(viii) Retention category (when required by the contract).

(a) In event group pricing of special tooling is utilized by the contractor, as recognized in B.302-1, unit prices may be computed as and when required.

(b) Retention category, item (viii) above (when applicable) shall be established by the contractor at time of acquisition or fabrication of the item of special tooling. Retention categories as defined below shall be used:

(1) *Assembly tooling*—required for manufacture of the end product but not required for production of spare parts. Those items having no post production need except for potential modification or resumed production programs.

(ii) *Critical tooling*—those tools within a family of tools absolutely essential to fabricate spare parts and assemblies even at a minimum production rate. This would include basic forming tools and tooling for special processes. Tools within this category are to be further identified as:

(A) *Spares tooling*—required to produce a provisioned spare part or assembly.

(B) *Judgment (insurance) tooling*—fabrication tools for parts that are not provisioned spares but which in the judgment of the contractor will be required at some time for logistic support of the end item.

(C) *Support tooling*—of secondary importance, necessary to economically produce at increased rates but not essential for parts fabrication at low production rates.

This information will be utilized to expedite screening when the special tooling becomes excess to contract requirements. After a major system has gone out of production, this information need not be required for those items of special tooling which have been retained for spares production, overhaul, or repair work.

B.305 *Records of Special Test Equipment.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special test equipment:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Identity of any general purpose test equipment incorporated as components in such a manner that removal and reutilization may be feasible and economical;

(iv) Quantity received or fabricated;

(v) Posting reference and date of transaction;

(vi) Location;

(vii) Disposition;

(viii) Unit or group price; and

(ix) Retention category (when required by the contract).

(a) In event group pricing of special test equipment is utilized by the contractor, as recognized in B.302-1, unit prices may be computed as and when required.

(b) Retention category, item (ix) above (when applicable), shall be established by the contractor at time of acquisition or fabrication of the item of special test equipment. Retention categories defined in B.304(b) will be used for special test equipment. This information will be utilized to expedite screening when the special test equipment becomes excess to contract requirements. After a major system has gone out of production, this information need not be required for those items of special test equipment which have been retained for spare production, overhaul or repair work.

B.306 *Record of Plant Equipment.*

(a) *Plant Equipment Costing $1000 or More.* The contractor shall maintain individual item records (manual or mechanized) of each item of Government-owned plant equipment having a unit cost of $1000 or more which will provide the following minimum information:

(i) Federal Supply Code for Manufacturer (Cataloging Handbooks H4-1, H4-2) and, at the option of the contractor, the name and address of the equipment manufacturer;

(ii) Manufacturers model/part number;

(iii) Serial number and year build (when available);

(iv) U.S. Government Identification/tag number;

(v) Noun name of the item and Federal Supply Classification (Cataloging Handbook H2-1, H2-2, and H2-3);

(vi) Acquisition document reference and date;

(vii) Location;

(viii) Disposition document reference and date;

(ix) Contract number or equivalent code designation; and

(x) Unit price when equipment is Government-furnished or cost (f.o.b. manufacturer) when contractor acquired. (Unit price will be reduced when accessory and auxiliary items are permanently separated from the basic item of plant equipment.)

(b) *Record of Accessory and Auxiliary Equipment.* Accessory and auxiliary equipment, which is attached to or otherwise a part of an item of plant equipment or has been acquired for use in connection with a specific item, shall be recorded on the record of the item of plant equipment. In the event the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it shall be recorded as indicated in B.306(d).

(c) *Record of Manufacturing Systems.* Where plant equipment (including accessory or auxiliary type items) is assembled and interconnected to form a single operating unit to perform continuously the same manufacturing process, such equipment may, for property and inventory control purposes, be grouped and recorded as a single item of plant equipment on one plant equipment record in lieu of an individual item record for each component comprising the item of plant equipment. This does not obviate the requirement for adequately describing the component items on the plant equipment record nor does it preclude the use of more than one plant equipment record form when additional space is required.

(d) *Plant Equipment Costing More Than $200 and Less Than $1,000.* Except where individual item records are necessary for effective control, calibration, or maintenance, summary stock records may be maintained for minor plant equipment and for plant equipment costing between $200 and $1,000 per unit. The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number or equivalent code designation;

(ii) Noun name, Federal Supply Classification in Cataloging Handbooks H2-1, H2-2 and H2-3;

(iii) Manufacturer or Federal Supply Code for the manufacturer and model/part number;

(iv) Quantity received;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location (see B.301(g)); and

(ix) Disposition.

In addition, where appropriate as determined by the property administrator the serial number or Government identification number or both for each item shall be recorded in a permanent manner in the property records and, upon disposition, lined out or otherwise deleted from the record. DD Form 1342 may be used for individual record cards for items costing between $200 and $1,000.

B.306–1 *Centrally Reportable Plant Equipment.* Notwithstanding the approval of a contractor's property accounting and control system the contractor shall, with respect to items identified as industrial plant equipment (IPE) (including those items which are a part of a manufacturing system and items of general purpose components of special test equipment) prepare a DD Form 1342 (see Attachments 1 and 2) at the time of acquisition or receipt. When IPE including general purpose components of special test equipment is no longer required at the point of acquisition or receipt, the contractor shall prepare a DD Form 1342 and reflect thereon any changes in original data not previously reported. The contractor shall retain the original of each DD Form 1342 and forward the copies through the property administrator to the NASA contracting officer. Use of the DD Form 1342 as the official property record is optional.

B.307 *Records of Real Property.* Records of real property shall consist of maps, drawings, plans, and specifications supplemented, where necessary to reflect building installations such as heating, electrical, sanitary ventilating, drainage, sprinkler systems, etc. Appropriate changes will be made to the records to reflect alterations, additions, or extensions to real property. Where the maps, drawings, plans, and specifications do not adequately reflect descriptive data as to buildings installations, supplemental records will be maintained. The foregoing records will: (i) Be complete, (ii) show the original cost of the property and improvements and the cost of changes and additions thereto, and (iii) be appropriately indexed.

B.308 *Records of Scrap and Salvage.* Except as provided in B.103(d) the contractor shall maintain records of all scrap or salvage generated. These records shall be in accordance with the contractor's established system of scrap and salvage control, if approved by the property administrator, who shall take into consideration the need for protecting the Government's interest in the proration, disposition, and allocation of proceeds resulting therefrom.

B.308–1 *Records of Scrap.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Scrap classification (material content);

(ii) Quantity on hand;

(iv) Unit of measure;

(v) Posting references and date of transactions; and

(vi) Disposition.

B.308–2 *Records of Salvage.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Nomenclature or description of item;

(iii) Quantity on hand;

(iv) Posting reference and date of transaction; and

(v) Disposition.

B.309 *Records of Related Data and Information.* The contractor shall maintain property control and accountability in accordance with sound industrial practice with respect to manufacturing or assembly drawings, installation, operation, repair, or maintenance instructions, or other similar data and information furnished to the contractor by the Government. The requirements of this appendix are not otherwise applicable to such property.

B.310 *Records of Completed Products.* The contractor shall maintain a record of all completed products produced under a contract as follows:

(a) When there is no lapse of time between Government inspection and acceptance of the completed products and shipment from the plantsite, the record shall, as a minimum, consist of summarization of quantities accepted and shipped. When end items are accepted by the Government and stored with the contractor awaiting shipment, the record shall identify quantities stored, location, and disposition action.

(b) On contracts which provide that complete products are to be retained by the contractor for further use under the contract, or other contracts, such items shall be considered "Government-furnished property" upon acceptance and shall be recorded as prescribed in this subpart.

(c) When completed products are returned to a contractor under the terms of a warranty clause, the contractor shall, as a minimum, maintain a record by contract, setting forth a description of the items involved, quantities received and returned to the Government, and such other pertinent data as may be required to permit determination that a proper accounting for all property has been made.

B.311 *Financial Control Accounts and Reports.*

(a) *Property Accounts.* The contractor's property control system shall be such as to provide semiannually the dollar amount of Government facilities and material for which he is accountable in the following classifications:

(i) Land and rights therein;

(ii) Buildings;

(iii) Other structures and facilities;

(iv) Leasehold improvements;

(v) Plant equipment;

(vi) Material; and

(vii) Special test equipment.

(b) *Facilities.* The contractor's accounts covering items (i) through (v) above will be susceptible to local reconciliation in totals and subtotals as to whether contractor-acquired or Government-furnished.

(c) *Material and Special Test Equipment.* The contractor's property control system shall be such as to provide the dollar value of items (vi) and (vii) above for which he is accountable.

(d) *Report to be Prepared.* The Contractor will prepare, semiannually, an Analysis of Government-Owned/Contractor-Held Property Other Than Space Hardware Report (NASA Form 1018) in accordance with the instructions contained in Financial Reporting Handbook for Government-Owned/Contractor-Held Property and Space Hardware (NHB 9500.2).

(e) *Submission of Reports.* Five copies of the NASA Form 1018, or a negative letter report when appropriate, will be submitted by the contractor to the cognizant property administrator so as to be received by: December 26 covering the period July 1–November 30, and by July 26 covering the period December 1–June 30. One additional copy of the report marked "advance copy" will be forwarded simultaneously to the financial management or fiscal officer of the cognizant NASA installation.

B.312 *Financial Accounting Requirements for Multicontract Cost and Material Control Systems.* Whenever a multicontract cost and material control system is authorized, the contractor's financial accounts must include all material, including Government-furnished material in the system. Specifically, his accounting system must be adequate to:

(i) Provide on a complete and timely basis a clear "audit trial" from costs of materials acquired for each contract to materials used or disposed of on each contract;

(ii) Reflect separately for Government-furnished and contractor-acquired material in stores (except work-in-process) the inventory balances as affected by receipts, issues, adjustments, and other dispositions;

(iii) Determine unit costs for each identifiable part, component, subassembly, assembly, end item and contract item;

(iv) Calculate amounts for cost reimbursements and progress payments during the life of the contract by applying or allocating such unit costs developed through each stage of work-in-process to contract items for the requirements of each contract; and

(v) Assure that when material furnished by one procuring activity is used on a contract of another procuring activity, the furnishing activity receives credit for such material.

B.313 *Records of Property of Misdirected Shipments.* The contractor's property control system shall be such as to provide the following information regarding each misdirected shipment of Government property received:

(i) Identity of shipment (shipping document, bill of lading, etc.);

(ii) Origin of shipment;

(iii) Content (items in the shipment) per shipping document, if available;

(iv) Location; and

(v) Disposition.

B.314 *Records of Property Provided Under Exception Authority.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government property provided:

(i) Exception identification number;

(ii) Nomenclature or description of item;

(iii) Quantity received;

(iv) Posting reference and date of transaction;

(v) Location;

(vi) Disposition; and

(vii) Unit price.

B.315 *Records of Property Sent to Contractors for Processing and Return.*

(a) The contractor shall maintain quantitative records of such items to assure control from time of receipt, during processing and return of the items to the NASA installation. Such item records will be established by the contractor in accordance with his property control system but will include at least the following:

(i) Contract number or equivalent code designation;

(ii) Nomenclature or description of item including the Federal Stock Number;

(iii) Quantity received;

(iv) Unit price;

(v) Location;

(vi) Quantity returned to NASA installation;

(vii) Quantity disposed of otherwise pursuant to proper authority;

(viii) Balance on hand; and

(ix) Posting reference and date of transaction.

Subpart 4—Identification

B.400 *Scope of Subpart.* This subpart establishes minimum requirements for the identification and marking of Government property in the possession or control of the contractor.

B.401 *General.* The contractor shall identify, mark, and record all Government property promptly upon receipt, except as may

be exempted by this Subpart, and it shall remain so identified so long as it remains in the custody, possession, or control of the contractor. Assigned Government property identification numbers will be recorded on all applicable receiving documents, shipping documents, disposal documents, and any other documents pertaining to the property control system. Such markings shall be removed or obliterated from the property involved when the disposal is by sale, scrap, or through donation.

B.402 *Material and Minor Plant Equipment.* All Government material and minor plant equipment shall be identified as Government property except in those cases where:

(i) No material or minor plant equipment of the same type at the same location is owned by the contractor, his employees, or other contracting agencies;

(ii) Adequate physical control is maintained over tool-crib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract;

(iii) Property is of bulk type or by its general nature of packing or handling precludes adequate marking, as may be determined by the property administrator; and

(iv) Property is commingled, as authorized by B.103.

B.403 *Special Tooling and Special Test Equipment.* Government-owned special tooling and special test equipment shall be marked in accordance with the procedure established by the contractor and approved by the property administrator, unless it is determined by the contractor in an individual case that marking will damage the special tooling or special test equipment or is otherwise impracticable. The contractor shall advise the property administrator, in writing, of any such determination. Identification shall consist of a serial number (identification number), and an indication of NASA ownership, including the NASA installation responsible for funding and control of the property. If an item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph. Components of special test equipment, having an acquisition cost of $1,000 or more and incorporated in such a manner that removal and reutilization is feasible and economical, shall be marked in a manner similar to plant equipment as required by B.404(b). General purpose components of special test equipment having an acquisition cost of between $200 and $1,000 may be identified in the same manner, when required for effective control, in accordance with a contractor's approved property control system.

B.404 *Plant Equipment.*

(a) *Industrial Plant Equipment.* All Government-owned industrial plant equipment shall be identified by the contractor, who shall affix directly to the equipment, a prenumbered metal, fiber, plastic or other appropriate plate, marking, or decal which shall be provided by the property administrator. Identification shall consist of an indication of NASA ownership, and a NASA identification number except that accessory or auxiliary equipment associated with a specific item of industrial plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated. Identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of the NASA.

(b) *Plant Equipment Other Than Industrial Plant Equipment.* Unless already marked in compliance with prior instructions, Government-owned plant equipment, which is not industrial plant equipment or minor plant equipment, shall be marked by the contractor with a Government identification number, except when the size or nature of the equipment makes it impracticable, or the equipment is accessory or auxiliary and attached to or otherwise a part of an item of plant equipment and is required for its normal operation, in which case such item shall be entered and described on the record of equipment to which it is attached or of which it is otherwise a part. Identification shall be effected by affixing a decal, metal, fiber, plastic or other plate directly to the equipment or by using indelible ink, acid or electric etch, steel dies, or other legible, permanent, conspicuous and tamper proof method. Identification by the contractor shall be in accordance with procedures established by the contractor and approved by the property administrator and shall consist of an indication of NASA ownership; however, if the item is already identified as "U.S. Property", the marking shall not be changed solely to conform to the provisions of this paragraph. Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated. Identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of the NASA, unless a change is necessary to eliminate duplicate numbers in which case the contractor will reidentify the item(s) in accordance with the approved system.

Subpart 5—Physical Inventories

B.500 *Scope of Subpart.* This subpart establishes minimum requirements for the physical inventory of Government property in the possession or control of the contractor.

B.501 *Periodic Inventories.* The contractor shall periodically physically inventory all Government property (except materials issued from stock for performance of manufacturing, research, design, or other services required by the contract) in his possession or control and shall cause his subcontractors to do likewise. The type and frequency of physical inventory and the procedures therefor shall be established by the contractor and approved by the property administrator. In establishing type and frequency of physical inventory consideration should be given to contractor's established practices, type, and usage of the Government property in the possession or control of the contractor, amount of Government property involved and their monetary value, and the reliability of contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor; however, it may vary with the types of property being controlled. Inventory, as used here, consists of sighting, tagging or marking, describing, recording and reporting the property concerned and reconciling the property recorded and reported with the property records.

B.502 *Inventories Upon Termination or Completion.* Immediately upon termination or completion of a contract, the contractor shall perform a physical inventory adequate for disposal purposes, of all Government property applicable to the terminated or completed contract. Further, the contractor shall cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Government property in the subcontractor's possession or control which is applicable to the terminated or completed contract. The requirement for physical inventory of Government property at the completion of a contract may be waived by the property administrator when the property applicable to the completed contract is authorized for use on a follow-on contract, provided:

(i) Past experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) A statement is provided by the contractor indicating that transfer of record balances has been made in lieu of preparing formal inventory list and the contractor accepts responsibility and accountability for these balances under the terms of the follow-on contract.

B.503 *Reporting Results of Inventories.* The contractor shall, as a minimum, submit to the property administrator: (i) A listing which properly identifies all discrepancies disclosed by a physical inventory, and (ii) a signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement with the physical inventory except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay after completion of the physical inventory.

B.504 *Quantitative and Monetary Control.* As directed or required by proper authority, contractor's reports of results of physical inventory action shall be prepared on both a quantitative and monetary basis and segregated by categories of property such as material (except material issued from stock for performance of manufacturing, research, design, or other services required by the contract), special tooling, special test equipment, and plant equipment.

Subpart 6—Care, Maintenance and Utilization

B.600 *Scope of Subpart.* This subpart establishes minimum requirements as to care, maintenance, and utilization of Government property in the possession or control of the contractor.

B.601 *General.* The contractor shall be responsible for the proper care, maintenance, and utilization of Government property in his possession or control from the time of receipt of the property until properly relieved of responsibility in accordance with the contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.

B.602 *Contractor's Maintenance Program.* The contractor's maintenance program (which shall be approved in accordance with B.101) shall be such as to provide for, consistent with sound industrial practice and the terms of the contract: (i) Disclosure of need for and the performance of normal maintenance, (ii) disclosure and reporting of need for capital type rehabilitation, and (iii) recording of work accomplished under the program.

(a) *Normal Maintenance.* Normal maintenance is maintenance generally performed on a regular scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective normal maintenance program shall consist of, but not be limited to, the following actions:

(i) Inspecting buildings at such periodic intervals as will assure detection of deterioration and the need for repairs;

(ii) Inspecting plant equipment at such periodic intervals as will assure detection of

maladjustment, wear, or impending breakdown;

(iii) Regularly scheduled lubrication of bearings and moving parts in accordance with a lubrication chart or equivalent plan;

(iv) Protection from exposure to deteriorating agents;

(v) Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts;

(vi) Removal of sludge, chips, and cutting oils from equipment which will not be used for a period of time;

(vii) Taking necessary precautions to prevent deterioration from contamination and corrosion; and

(viii) Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

(b) *Capital Type Rehabilitation.* The contractor's maintenance program shall be such as to provide for the disclosure and reporting of the need for major repair, replacement, and other rehabilitation work for Government property in the possession or control of the contractor.

(c) *Records of Maintenance.* The contractor's maintenance program shall provide for records sufficient to disclose the maintenance actions performed and deficiencies discovered as a result of inspections.

B.603 *Utilization of Government Property.* The contractor's procedures shall be in writing and adequate (i) to assure that Government property will be utilized only for those purposes authorized in the contract, and that any required approvals are obtained, and (ii) to provide a basis for determining and allocating rental charges.

B.603-1 *Utilization of Industrial Plant Equipment.* The procedures applicable to IPE shall, as a minimum:

(i) Establish a minimum level of utilization below which an analysis of need shall be made and retention justified, except for inactive package plants and standby lines. The utilization level may be established for individual items or families of items depending upon circumstances of use;

(ii) Provide for recording authorized and actual use consistent with the utilization levels established under (i) above;

(iii) Require periodic analyses of production needs for IPE and of future utilization based upon known requirements; and

(iv) Have firm provisions for immediately reporting to the contracting officer all IPE items for which retention is not justified.

B.604 *Property in Possession of Subcontractors.* The contractor shall require any of his subcontractors having Government property in their possession or control to adequately care for and maintain that property and assure that it is utilized only as authorized by the contract. Procedures necessary to the accomplishment of this responsibility shall be included in the contractor's approved property control system.

Attachment 1 to Appendix B

INSTRUCTIONS FOR THE PREPARATION OF NASA PROPERTY RECORD, DD FORM 1342, FEBRUARY 1968 EDITION FOR INITIAL REPORTING OF INDUSTRIAL PLANT EQUIPMENT (IPE)

This instruction is to be used in the preparation of DD Form 1342 to report newly acquired items of IPE and IPE items not previously reported. Only one initial report of IPE is required. In-use items will be reported initially to the contracting officer (see B.306-1) by use of this form by marking "active" and "initial" in Block 1, Section II, Block 52 (Condition Code), and Sections III and V of the form are to be completed in accordance with this instruction. Idle items of IPE being initially reported to the contracting officer are to be identified by marking "idle" and "initial" in Block 1. Sections I, II, III, and V of initial idle reports are to be completed in accordance with this instruction and the instruction for reporting idle industrial plant equipment (Attachment 2 to Appendix B). Entries in Section IV are not required for initial reports.

Block 1. Check appropriate boxes to indicate "Active" report and that the report is an "Initial" report.

Block 2. Enter the Julian date of preparation of the form. The first character will be the last digit of the current calendar year, and the next three characters, the Julian date of the year.

Block 3. Enter the Identification Number/Government Tag Number as recorded on the identification plate affixed to the equipment.

SECTION I—INVENTORY RECORD

Block 4. To obtain item identification data for reporting purposes use:

a. Production Equipment Directories, D1 and D2. The PEC selection for metalworking machinery and welding, heat cutting, and metalizing equipment items being reported will be obtained by comparing and matching a directory entry by manufacturer's designation, nomenclature, and size or capacity data. After selection, enter a 12-digit code consisting of the 10-digit number and a two-digit model code. When an item of IPE cannot be coded from the applicable directory, enter the first four digits of the applicable PEC.

b. IPE Handbooks. The PEC selection will be obtained from Section 3 of the appropriate Defense Supply Agency commodity handbook (see NASA PR 13.312) by the same method as outlined for directories as shown above. The PEC consists of 12 digits. For all other reportable items which cannot be identified to the order listed below:

(1) Section II of the IPE handbook will be screened for applicable entry. The PEC selected will be equal to a specific nomenclature and size or capacity data matching the item being reported.

(2) If Section II does not contain size or capacity data to cover the specific item, then the PEC representing the nomenclature only will be selected. The PEC for the nomenclature usually can be determined by presence of zeros in the ninth through the 12th position of the PEC, and the absence of a size or capacity in Column 2.

(3) Additional description as required by the applicable descriptive guide shown in Section IV will be included on all reports submitted.

c. When an item of IPE cannot be coded from the sources indicated above, enter the first four digits of the applicable PEC/FSC.

Block 5. Installations which use the FSN as the identifying number will enter the FSN. When the FSN is known, it should be included in all reports.

Block 6. Indicate in dollars (omit any symbols, decimal points, commas, etc.) the acquisition cost used for property accounting purposes. The acquisition cost will be the price of the basic item plus accessories and auxiliary equipment procured and delivered with the basic unit. If the initial acquisition cost data are not available, an appraised acquisition cost (based on known costs at the time of manufacture of the same or similar equipment), price lists for the period involved, or the best available price from other sources in NASA or DOD, should be used which will achieve conformity of prices for like items of equipment.

Block 7. Enter one of the three type codes (1, 2, or 3) listed in Appendix 1D of Defense Supply Agency Manual DSAM 4215.1.

Block 8. Enter the last two digits of the year the item was manufactured. If the actual year of manufacture cannot be determined, estimate the date, and place an "E" immediately preceding the entry.

Block 9. Enter the appropriate operating power code listed in Appendix 1D of DSAM 4215.1.

Block 10. If applicable enter the appropriate status code listed in Appendix 1D of DSAM 4215.1.

Block 11. Enter the two-digit code "32" to indicate NASA-owned equipment.

Block 12. Not applicable.

Block 13. Not applicable.

Block 14. Enter the name of the manufacturer of the plant equipment being reported. Do not use a distributor's or vendor's name.

a. Enter the name of the manufacturer under which the item is listed in the Directory of Metalworking Machinery, Directory of Welding, Heat Cutting, and Metallizing Equipment, or appropriate IPE Handbook. In some cases manufacturers have merged or become subsidiaries of another company; therefore, in reporting the manufacturer's name, use the appropriate manufacturing division of subsidiary name, and not the parent company.

b. Enter the word "Unknown" when the name of the manufacturer is not known.

Block 15. This is a five-digit numerical code identifying the manufacturer of IPE. The manufacturer's code will be obtained from Production Equipment Directories D1 of D2 and the DSAH series Industrial Plant Equipment Handbooks; however, if not available in these publications then refer to cataloging Handbook H4-1.

Block 16. a. Enter the manufacturer's model, style, or catalog number for the equipment being reported. Always use the model number, if available. Style number would be next in preference. When the manufacturer does not assign a model, style, or catalog number, the word "None" will be inserted.

b. When the model number is obtained from IPE directories or handbooks, the model number must agree with the manufacturer's description, size, capacities of the equipment and Plant Equipment Code. All model numbers must be verified by a physical inspection of the equipment.

c. When unable to locate a model number, refer to manufacturer's brochure or purchase order. If the model number is obtained from other than the equipment, indicate the source in "Remarks", Block 54.

Block 17. Enter the serial number taken from the plant equipment. If a serial number is not assigned to the item, enter "None".

Blocks 18, 19, 20, and 21. The length, width and height including skid will be recorded to the next foot. Dimensions on boxed items should be to the next foot only.

a. Add 24" to the length, 4" to the width, and 10" to the height of the item for determining skidded dimensions. EXAMPLE: Actual machine measurements are 12'3" long, 6'10" wide, and 8'4" high. By using the above formula, reporting measurements would be 15' long, 8' wide, and 10' high.

b. When disassembly for movement or storage results in more than one skid, indicate the total size and weight. Length, width, and height of each individual skid assembly will be so indicated in "Remarks", Block 54.

c. Weight will be recorded to the nearest hundred pounds, except for items weighing less than 500 pounds on which the weight will be indicated to the nearest 10 pounds. The weight will not be limited to that of the basic machine, but will include the weight of accessories and auxiliary equipment. This combined weight does not include skid weight. The carrier's inbound freight bill on machine tool manufacturer's specifications are normally an accurate source document for weight information.

Block 22. Enter the Certificate of Nonavailability number and date assigned by DIPEC in Section V of DD Form 1419. This block must be completed for all newly procured items.

Block 23. Not applicable.

Block 24. This entry is not required in inventory reports.

Block 25. Enter the complete contract number under which the contractor is accountable for the item. This normally will be a facility contract number. Otherwise, the production, procurement, service, lease, or lay away contract number, as applicable, will be entered.

Block 26. Enter the complete description of the item, including the major group, class, subclass, type, subtype, size group, specific size, etc., as selected from the appropriate directory or handbook.

a. Production Equipment Directories D1 and D2. Beginning with the noun, insert the description of the item verbatim from the applicable directory for the PEC selected. Next, insert all sizes, capacities, and adjustments thereof, used by the manufacturer to describe the item if not included in the directory entry.

b. IPE Handbooks. Enter description from Sections I, II, or III of the handbook. Additional description will be shown as required by the applicable descriptive guide listed in Section IV of the handbook. No limit is established on the number of characters in this entry. Continue in "Remarks", Block 54 if required.

c. General. (1) Physical inspection by qualified technical personnel will be performed on all IPE reported to obtain or verify descriptive and capacity data.

(2) If the item being reported is a single purpose item, a complete description of the product produced will be entered with identifying drawing or part numbers, if available.

(3) If the item being reported is designated as general purpose with special features, the special features and their relation to the original design will be fully explained.

Block 27. This entry is to be completed for all IPE that includes electric motors. Enter the electrical characteristics and quantity of all motors. List the main drive motor(s) first, followed by all other motors in order of importance. If more than four lines are required, continue the listing under "Remarks", Block 54.

Block 28. Enter the NASA installation, or company name, street address, city, State, and ZIP code of the actual location of the plant equipment in this block. If the actual location is a subcontractor's plant, enter the name of the prime contractor above the subcontractor's name. Do not use the office address if different from the plant address. If no street address exists, insert "No Street Address".

Block 28a. Not applicable.

Block 29. Not applicable.

SECTION II—INSPECTION RECORD

Block 52. Enter the appropriate condition code listed in Appendix 1D of DSAM 4215.1.

SECTION III—REMARKS

Block 54. The space in this block or on the reverse side of the form may be used for continuation or explanation of above entries. List all accessories and auxiliary equipment identified to the item (see Item 6, Acquisition Cost).

SECTION V—VALIDATION RECORD

Block 57. Enter the signature of the individual(s) authorized to validate the report (e.g., Property Administrator).

Attachment 2 to Appendix B

INSTRUCTIONS FOR THE PREPARATION OF NASA PROPERTY RECORD, DD FORM 1342, FEBRUARY 1968 EDITION FOR REPORTING IDLE INDUSTRIAL PLANT EQUIPMENT (IPE)

This instruction is to be used in the preparation of DD Form 1342 to report idle IPE. The form will be submitted to the contracting officer in accordance with the instructions contained in B.306.1 within 10 days after the IPE becomes idle. If any data changes after submission of an initial idle report, a complete new report will be prepared and submitted.

1. Idle reports are identified by checking "idle" in Block 1 of the form. If the idle IPE is being reported to the contracting officer for the first time, the report is checked "idle" and "initial" in Block 1. Idle change reports, which report data changes after submission of the initial idle report, are identified by checking "idle" and "change" in Block 1 of a complete new report.

2. Entries in sections I, III, and V, are to be completed in accordance with the instructions for initial reporting of IPE (Attachment 1 to Appendix B) except as specified in this instruction or as necessary to update an initial report. (E.g., remodeling cost will be added to the initial acquisition to obtain a new cost.) Initial acquisition cost will be reduced, if necessary, in accordance with the following:

All accessories and auxiliary equipment attached or identified to an item of IPE will be entered and described on the DD Form 1342. In the event accessories and auxiliary equipment are reassigned to another item of IPE, the respective DD Forms 1342 will be updated to reflect the transfers and to record the changes to acquisition costs of each item of IPE. Precision fitted accessories and auxiliary equipment will not be reassigned to another item of equipment.

NOTE: Costs to rehabilitate, repair or rebuild IPE will not be added to the acquisition cost.

SECTION I—INVENTORY RECORDS

Block 24. Enter the ARD by Julian date. For items other than contractor inventory leave this box blank.

Block 28. Enter the name, street address, city, State, and ZIP code of the actual location of the equipment. Also include the name and telephone number of the individual at the location who may be contacted for additional technical data.

NOTE: If the item must be moved to another location for disposal purposes, enter the new location data in Block 54.

SECTION II—INSPECTION RECORD

Block 30. Self explanatory.

Block 31. If yes, enter the date of the last rebuild/overhaul.

Block 32. If "yes" explain in "Remarks". Give explanation of the effect modification has on general utility of item such as limiting its use, and whether it could be converted economically to its original configuration.

Block 33. Self explanatory. Explain "No" answers in "Remarks".

Block 34. If the answer is "No", describe the maintenance and amount of expenditure in "Remarks".

Blocks 35 through 40. Self explanatory.

Block 41. If "No", briefly describe defects in "Remarks".

Block 42. If "Yes", give estimate of the cost.

Block 43. If "No", explain in "Remarks".

Blocks 44 through 47. Self explanatory. If answer to question is "No", briefly describe each defect in "Remarks."

Block 48. Enter the number of hours item was used by current possessor.

Block 49. Enter a brief description of last use.

EXAMPLES:

Welder—"Y" ring.
Oscilloscope—Booster control calibration.
Lathe—Finish low carbon steel.
Grinder—High speed steel shafts.
Magnaflux—Test landing struts.

Block 50. Enter estimated cost for preparation and loading for movement by common carrier.

Block 51. If the item is being reported in advance of the date of availability for redistribution, indicate date the item will become available.

Block 52. Enter the appropriate condition code listed in Appendix 1D of DSAM 4215.1.

Block 53. Enter the appropriate operating test code listed in Appendix 1D of DSAM 4215.1. NASA installations which have performed an analytical inspection of IPE being reported idle should attach a copy of the completed analytical test pattern to the idle report.

SECTION III—REMARKS

Block 54. Use "Remarks" for continuation or explanation of previous entires, and

a. List all accessories and auxiliary equipment identified to the item and available for shipment.

b. Explain the type and degree of chemical or radioactive contamination of components. If decontamination is possible or not, explain fully.

c. List aluminum skid components required to ship the item reported.

SECTION IV—DISPOSITION RECORD

Block 55. Enter name and address of NASA installation, governmental agency, and activity or contractor to which item is transferred.

Block 56. Enter an "X" in the appropriate box to indicate type of disposition.

Block 56a. Enter date of disposition or delivery and amount of proceeds realized if disposition was by sale.

SECTION V—VALIDATION RECORD

Block 57. Enter the signature of the individual(s) authorized to validate the report (e.g., Property Administrator).

Appendix C—Control of Property in Possession of Nonprofit Research and Development Contractors

SUBPART 1—INTRODUCTION

C.100 *Scope of Appendix.* This appendix sets forth the basic requirements to be observed by contractors in establishing and maintaining control over Government property provided pursuant to the terms of contracts with the National Aeronautics and Space Administration. To the extent of any inconsistency between this appendix and the terms of the contract under which the Government property is provided, the terms of the contract shall govern.

C.101 *General.* The contractor shall be directly responsible for and accountable for all Government property in accordance with the provisions of the contract, including property provided under such contract which may be in the possession or control of a subcontractor. The contractor shall establish and maintain a system (in accordance with the provisions of this appendix) to control, protect, preserve and maintain all Government property. This system shall be reviewed

and, if satisfactory, approved in writing by the assigned property administrator. The contractor shall maintain and make available such records as are required by Subpart 3 of this appendix and must account for all Government property until relieved of responsibility therefor in accordance with procedures set forth in Subpart 2 of this appendix. Liability for loss, damage, or excessive use of property in a given instance will necessarily depend upon all the circumstances surrounding the particular case and must be considered and determined in accordance with the provisions of the contract. The contractor shall furnish all necessary data to substantiate any request for discharge from responsibility.

(a) The contractor shall require any of his subcontractors who are provided Government property under the prime contract to comply with the provisions of this appendix. Procedures for assuring subcontractor compliance shall be included in the contractor's approved property control system. In those instances where the property administrator assigned to the contract has requested supporting property administration, the contractor may accept the system approval and continuing surveillance of the supporting property administrator in lieu of performing duplicative actions to assure the subcontractor's compliance with the provisions of this appendix.

(b) In the event any portion of the contractor's property control system is found to be inadequate upon review by the property administrator, any necessary corrective action will be accomplished by the contractor prior to approval of the system. When agreement as to adequacy of control and corrective action is not reached between the contractor and the property administrator, the matter will be referred to the contracting officer.

(c) Procedures for the control of scrap and salvage shall not be required unless the property administrator determines that the scrap or salvage is substantial in amount and that the Government is not receiving sufficient benefits from the use or disposal thereof. In this event the contractor shall establish a procedure whereby all Government property that can be salvaged shall be returned to Government stock, which procedure shall be subject to the approval of the property administrator.

(d) When Government property (excluding misdirected shipments) is disclosed to be in the possession or control of the contractor but not provided in accordance with the provisions of any contract, the contractor will, as promptly as possible, (i) record such property according to the established property control procedure, and (ii) furnish the property administrator with all known circumstances and factual data pertaining to its receipt and a statement as to whether there is a need for retention of such property. For misdirected shipments see C.312.

(e) The contractor shall report all Government property in excess of the amounts needed to complete full performance under the contract pursuant to which it was provided, or other existing contracts which authorize the use of such property, as promptly as possible after disclosure of the condition.

C.102 *Definitions.* As used in this appendix:

C.102–1 "Property administrator" means the individual designated by appropriate authority to administer the contract requirements and obligations relative to Government property. He is an authorized representative of the contracting officer.

C.102–2 "Government property" means all property owned by or leased to the Government or acquired by the Government under the terms of a contract. Government property includes both Government-furnished property and contractor-acquired property as defined below:

(i) "Government-furnished property" is property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractors; and

(ii) "Contractor-acquired property" is property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government.

C.102–3 "Provide," as used in the context of such phrases as "Government property provided to the contractor" and "Government-provided property," means either to furnish, as in "Government-furnished property," or to acquire, as in "contractor-acquired property."

C.102–4 "Government material" means Government property which may be incorporated into or attached to an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed materials, parts, components, assemblies and small tools and supplies.

C.102–5. "Special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacement thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(i) Consumable property;

(ii) Special test equipment; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

C.102–6 "Special test" equipment means electrical, electronic, hydraulic, pneumatic, mechanical or other items or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately) or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment, but does not include:

(i) Consumable property;

(ii) Special tooling; or

(iii) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

C.102–7 "Facilities" means industrial property (other than material, special tooling, space property, and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements and plant equipment.

C.102–8 "Real property," for purposes of accounting classification, means (i) land and rights therein; (ii) ground improvements; (iii) utility distribution systems; (iv) buildings; (v) structures; and (vi) leasehold improvements. It excludes foundations and other work necessary for the installation of special tooling, special test equipment, and plant equipment.

C.102–9 [Reserved]

C.102–10 "Plant equipment" means personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose. (For financial reporting purposes see NASA Form 1018 Instructions.)

C.102–11 "Industrial Plant Equipment (IPE)" means that part of plant equipment with an acquisition cost of $1,000 or more which is listed in § 18–13.312.

C.102–12 "Minor plant equipment" means an item of plant equipment having an acquisition cost of less than $200.

C.102–13 "Accessory item" means an item which facilitates or enhances the operation of plant equipment but which is not essential for its operation, such as remote control devices.

C.102–14 "Auxiliary item" means an item without which the basic unit of plant equipment cannot operate, such as motors for pumps and machine tools.

C.102–15 "Salvage" means property which because of its worn, damaged, deteriorated, or incomplete condition, or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs or alterations, but which has some value in excess of its scrap value.

C.102–16 "Scrap" means property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

C.102–17 "Custodial records" means written memorandum or identifying checks of any description or type used to control items issued from tool cribs, tool rooms, stockrooms, etc., such as requisitions, issue hand receipts, tool checks, stock record books, etc.

C.102–18 "Individual item record" means a separate card form, or document utilized to account for one item of property.

C.102–19 "Stock record" means a perpetual inventory form of record which shows, by nomenclature, the quantities received and issued and the balances on hand.

C.102–20 "Discrepancies incident to shipment" means all deficiencies incident to the shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and the property actually received. Such deficiencies include, but are not limited to, loss, damage, destruction, improper status, and condition coding, error in identity of classification, and improper consignment.

C.102–21 "Space property" means personal property which is peculiar to aeronautical and space programs of NASA, and is not otherwise included in the categories of property set forth in § 18–13.101–4, 18–13.101–5, 18–13.101–6 and 18–13.101–8. It includes such items as aircraft, engines, space vehicles, and other similar components, and related support equipment furnished for use as a standard or model, to establish equipment compatibility, or for such other similar reasons as may be determined by the contracting officer.

C.102–22 "Property account" means the official records of Government property provided to a contractor by NASA, which are established and maintained under the provisions of this appendix. Separate property accounts will be maintained either on an individual contract basis or contractor basis.

C.102–23 "Nonprofit organization" means any corporation, foundation, trust or institution operated for scientific, or educational or medical purposes, not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

C.103 *Segregation or Commingling of Government Property and Contractor's Property.* Ordinarily, Government property, particularly material, should be segregated and kept physically separate from contractor-owned property at all times. However, when advantageous to the Government and consistent with the contractor's authority to use such property, the property may be commingled:

(a) When the Government property is special tooling, special test equipment, or plant equipment which is clearly identified and recorded as Government property;

(b) When (i) scrap of a uniform nature is produced from both Government-owned and contractor-owned materials and physical segregation is impracticable, (ii) scrap produced from Government-owned materials is so insignificant in consideration of the cost of segregation and control;

(c) When approved by the property administrator.

C.104 *Audit of Property Control System.* The contractor's Government property control system shall be audited by the Government as frequently as conditions warrant. Any such audit or audits may take place at any time during the performance of the contract, upon completion or termination of the contract, or at any time thereafter, during the period the contractor is required to retain such records. The contractor shall make all such records, including correspondence related thereto, available to the auditors.

C.105 *Administration of Space Property.* Due to the special nature of space property the contract under which it is provided generally will contain specific requirements for maintenance and control. Moreover, the following conditions shall be observed: (i) Each item of the property shall be identified by its Federal Item Identification Number and Government nomenclature; and (ii) upon the completion or termination of the contract the contractor shall request and comply with disposition instructions from the Contracting Officer. To the extent specified in the contract the provisions of this appendix, with respect to all Government property, shall apply to space property.

Subpart 2—Contractor's Responsibility

C.200 *Scope of Subpart.* This subpart covers to the extent not otherwise provided in the contract, (i) the duties and responsibilities of the contractor with respect to Government property, (ii) the obligations of the contractor with respect to the control of Government property, both physically and administratively, and (iii) the liability of the contractor for Government property lost, damaged, destroyed, or for which the contractor is otherwise unable to account.

C.201 *Assumption of Responsibility.* A contractor shall be responsible for all Government property in his possession or control in accordance with the terms of the contract, including property provided under such contract which may be in the possession or control of a subcontractor. Sources from which Government property may be furnished or acquired are as follows:

(a) *NASA Installation or Other Contractor's Plants.* Government property may be shipped to a contractor from NASA installations, other Government installations, or plants of NASA or other Government agency contractors. For the purpose of this appendix, the contractor shall become responsible for such property upon delivery of the property into his custody or control. The shipping activity shall furnish the contractor with copies of documents necessary to permit the contractor's property records to accurately reflect the transaction.

(b) *Direct Purchase by the Contractor.* Direct purchases shall be subject to a determination by the NASA Contracting Officer that the items are allocable to the contract involved and are reasonably necessary therefor. For purposes of property control within the scope of this appendix, it shall be considered that property purchased by the contractor for which reimbursement is to be requested, becomes Government property upon its receipt by the contractor. This provision shall not be deemed to alter or modify contractual provisions relating to passage of title.

(c) *Withdrawal From Contractor-Owned Stores.* For purposes of property control, within the scope of this appendix, property withdrawn from contractor-owned stores, for direct charge to the contract, shall be considered Government property at the time of approval of the claim for reimbursement, or at the time of issuance for use of such property for the performance of the contract, whichever is earlier.

(d) *Contract Provisions, Terminations, Contract Changes.* Pursuant to specific contractual provisions or as a result of termination of a contract, or change orders issued under a contract, the Government may acquire title to property. For purposes of property control, such property shall, unless otherwise provided by the contract, be considered Government property upon acceptance of title by the Government.

(e) *Advance, Progress, or Partial Payments.* Pursuant to the terms of a contract, the Government may acquire a lien or title to property upon the making of advance, progress, or partial payments to the contractor. Property to which the Government has acquired a lien or title solely as a result of advance, progress, or partial payments shall not be subject to the provisions of this appendix.

C.201–1 *Evidence of Receipt of Government Property.* The contractor shall furnish written receipts for all, or specific classes of Government-provided property only in those instances where such action is determined by the property administrator to be essential for maintenance of minimum acceptable property controls. Where such evidence of receipt is required for contractor-acquired property, it shall be provided by the contractor not later than the time he submits his application for payment (public voucher) for the property. In the instance of Government-furnished property, the required receipt shall be provided by the contractor immediately upon receipt of the property.

C.201–2 *Discrepancies Incident to Shipment.*

(a) *Government-Furnished Property.* When overages, shortages, or damages are discovered upon receipt of Government-furnished property, the contractor shall provide a statement of the condition and the apparent causes in accordance with procedures approved by the property administrator pursuant to C.201. When the quantity or description of property received by a contractor differs from the quantity or description denoted as shipped on the shipping document, only that quantity, or property, actually received will be recorded on the official records of the contractor.

(b) *Contractor-Acquired Property.* The contractor shall take all actions necessary in adjustment of shortages, overages, or damages in shipment of contractor-acquired property from a vendor or supplier; except in those instances wherein the shipment has moved via Government bill of lading and carrier liability is indicated. In the latter event, the contractor shall report the instance in accordance with C.201–2(a) above.

C.202 *Relief From Responsibility.* Subject to specific instructions of the contracting officer, and unless otherwise provided for in the contract, the contractor shall be relieved of his property control responsibility for Government property by the following:

(a) *Consumption of Property in the Performance of the Contract.* To the extent that the property administrator shall determine that property has been consumed or expended for proper purposes and in reasonable amounts in the performance of the contract;

(b) *Retention by the Contractor.* When the contractor retains, with the approval of the contracting officer, Government property for which the Government has received consideration.

(c) *Sale of Property.* For Government property sold pursuant to instructions of the plant clearance officer; *Provided*, That, the proceeds of such sale shall have been received by or credited to the Government;

(d) *Shipment of Government Property From a Contractor's Plant.* When Government property is shipped from the contractor's plant (except when shipment is to a subcontractor or other location of the contractor) pursuant to the instructions of the plant clearance officer or the property administrator;

(e) *Determination by the Contracting Officer.* For Government property which is lost, damaged, destroyed, or consumed in excess of that normally anticipated in a manufacturing or processing operation, and for which the contracting officer has determined the extent of liability, if any, of the contractor: *Provided*, That:

(i) Such determination is furnished to the contractor in writing;

(ii) The Government has been reimbursed where required by the determination; and

(iii) Proper disposition of property rendered unserviceable by damage has been accomplished, and appropriate cross-reference is recorded on the determination as to the shipping documents or other documents evidencing disposal.

C.203 *Contractor's Liability.*

(a) Subject to the terms of the contract, the contractor may be liable when shortages of Government property are disclosed or when Government property is lost, damaged, or destroyed, or when there is evidence of unreasonable use or consumption of Government property as measured by the allowance provided for by the terms of the contract, the bill of materials, or other appropriate criteria.

(b) The contractor shall report all cases of loss, damage, or destruction of Government property in his possession or control to the property administrator as soon as such facts become known or when requested by the property administrator. The report shall contain all factual data as to the circumstances surrounding such loss, damage, or destruction. A similar report shall be furnished when completed products or end items are lost, damaged, or destroyed while such property is in the possession or control of the contractor.

(c) The contractor shall require any of his subcontractors having Government property in their possession or control which is accountable under the contract to report to him all instances of loss, damage, or destruction of such Government property. Further procedure shall be in accordance with that prescribed in (a) and (b) above.

Subpart 3—Records of Government Property

C.300 *Scope of Subpart.* This subpart establishes minimum requirements for records to be established and maintained by the

contractor for Government property in his possession or control.

C.301 *General.*

(a) It is the Government's policy to rely upon contractor property control records and to designate and use such records as the official contract records unless an exception has been authorized due to special circumstances. The contractor shall establish and maintain adequate control records, either manual or mechanized, in accordance with the requirements of this appendix for all Government property provided under a contract, including property provided under such contract as may be in the possession or control of a subcontractor. When the subcontractor has a property control system approved by the Government for Government property provided under the subcontractor's own prime contracts, the contractor will utilize records created and maintained in accordance with such approved system unless otherwise directed by the property administrator.

(b) The contractor's property control system shall provide financial data for Government-owned property in the contractor's possession or control. The system shall be subject to internal control standards and be supported by property records for such property in the manner described in this Subpart 3.

(c) The official records shall be kept in such condition that at any stage of completion of the work under a contract the status of Government property can be readily ascertained.

(d) Separate property records for each contract are desirable but a consolidated property record may be maintained; provided, that the consolidated record provides the information set forth in this subpart.

(e) Special tooling and special test equipment fabricated from materials which are the property of the Government will be appropriately recorded as Government-owned special tooling or special test equipment immediately upon fabrication. Special tooling and special test equipment fabricated from materials which are the property of the contractor will be appropriately recorded as Government property at the time title passes to the Government.

(f) Property records of the same type which would have been established for components if acquired separately shall be established for such usable components which are permanently removed from items of Government property, as a result of modification, or otherwise.

(g) The contractor's property control system shall contain an adequate locator system or techniques to permit the location of any item of Government property within a reasonable period of time after request therefor.

C.302 *Pricing.* Except as provided in C.302–1, the contractor's property control system shall contain the unit price for each item of Government property recorded therein. It is a recognized practice of many contractors to record the unit price of property on other than the quantitative inventory record, thus requiring the use of supplementary records to ascertain unit prices. Under such circumstances, the supplementary records containing such information shall be identified and recognized as a portion of the official property records.

C.302–1 *Contractor-Acquired and Contractor-Fabricated Property.* Except for items fabricated for research and development purposes by the contractor, the unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the contractor in conformance with sound accounting principles and consistently applied. Generally, it is desired that separate unit prices be applied to items of special tooling and special test equipment fabricated or acquired by the contractor. However, if the contractor's accounting system is acceptable, and if the maintenance of detailed cost records results in excessive accounting cost or is otherwise impracticable considering all circumstances, group pricing may be used for special tooling and special test equipment. Group pricing may also be used for work-in-process in accordance with the contractor's acceptable cost accounting system. Processed material, fabricated parts, components, assemblies, etc., charged to the contractor's work-in-process inventory, including items in temporary storage while awaiting processing, may be considered as work-in-process for the purpose of compliance with this requirement. Nothing in the foregoing lessens the requirement for quantitative property controls for special tooling, special test equipment, and work-in-process necessary for the proper protection of the Government's interest.

C.302–2 *Government-Furnished Property.* The unit price of Government-furnished property shall be determined by the Government and furnished to the contractor. Transportation and installation costs will not be considered as part of the unit price for this purpose. Normally, the unit price of Government-furnished property will be provided on the document covering shipment of the property to the contractor. In event the unit price is not provided on the document, action will be taken through the property administrator to obtain the information.

C.303 *Records of Material.* All Government material furnished to the contractor, as well as other material to which title has passed to the Government by reason of allocation from contractor-owned stores or purchase by the contractor for direct charge to a Government contract or otherwise, shall be recorded in accordance with the contractor's property control system, as follows:

(a) *Material Issued Directly Upon Receipt.*

(i) *Fixed-Price Contracts.* In the case of Government-furnished material which is issued directly by the contractor upon receipt so as to be considered consumed under the contract, and in the case of minor plant equipment, and special tooling the documents evidencing receipt and issue maintained by the contractor will be accepted as property control records; and

(ii) *Cost-Type Contracts.* For material, whether Government-furnished or contractor-acquired, issued by the contractor directly so as to be considered consumed under the contract, for minor plant equipment, and for special tooling, the Government invoices, contractors' purchase documents or other documentary evidence of acquisition and issue, will be accepted as adequate property records.

(b) *Material Maintained in Stocks.* For material maintained by the contractor in stocks or stores, the contractor's property control system shall be such as to provide the following information:

(i) Contract number, or equivalent code designation;

(ii) Nomenclature or description of item;

(iii) Quantity received;

(iv) Quantity issued;

(v) Balance on hand;

(vi) Posting reference;

(vii) Date received or issued;

(viii) Price; and

(ix) Disposition action taken.

(c) *Consolidated Stock Record.* When a contractor has more than one Government contract under which Government material is provided, a consolidated record for material may be authorized by the property administrator; provided, the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(d) *Custodial Records.* Custodial records shall be maintained for tool crib items, guard force items, protective clothing and other items for the use of individuals in the performance of their work under the contract.

C.304 *Records of Special Tooling.* In the case of special tooling acquired or fabricated by the contractor or furnished by the Government, for research and development purposes, the Government invoices, contractor's purchase document or other documental evidence of acquisition and issue, will be accepted as adequate property control records.

C.305 *Records of Special Test Equipment.* The contractor's property control system shall be such as to provide the following minimum information regarding each item of Government-owned special test equipment:

(i) Contract number, or equivalent code designation;

(ii) Nomenclature or description of item (including identification number and item on which used);

(iii) Identity of any general purpose test equipment incorporated as components in such a manner that removal and reutilization may be feasible and economical;

(iv) Quantity received or fabricated;

(v) Posting reference and date of transaction;

(vi) Location;

(vii) Disposition; and

(viii) Unit or group price.

(a) In event group pricing of special test equipment is utilized by the contractor, as recognized in C.302–1, unit prices may be computed as and when required.

C.306 *Records of Plant Equipment.*

(a) *Plant Equipment Costing $1,0000 or More.* The contractor shall maintain individual item records (manual or mechanized) of each item of Government-owned plant equipment having a unit cost of $1,000 or more which will provide the following minimum information:

(i) Federal Supply Code for Manufacturer (Cataloging Handbooks H4–1, H4–2) and, at the option of the contractor, the name and address of the equipment manufacturer;

(ii) Manufacturers model/part number;

(iii) Serial number and year built (when available);

(iv) U.S. Government identification/tag number;

(v) Noun name of the item and Federal Supply Classification (Cataloging Handbook H2–1, H2–2, and H2–3);

(vi) Acquisition document reference and date;

(vii) Location;

(viii) Disposition document, reference and date;

(ix) Contract number or equivalent code designation; and

(x) Unit price when equipment is Government furnished or cost (f.o.b. manufacturer) when contractor acquired. (Unit price will be reduced when accessory and auxiliary items are permanently separate from the basic item of plant equipment.)

(b) *Plant Equipment Costing More Than $200 and Less Than $1,000.* Except where individual item records are necessary for effective control, calibration, or maintenance, summary stock records may be maintained for minor plant equipment and for plant equipment costing between $200 and $1,000

per unit. The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number or equivalent code designation;

(ii) Noun name, Federal Supply Classification in Cataloging Handbooks H2–1, H2–2, and H2–3;

(iii) Manufacturer or Federal Supply Code for the manufacturer and model/part number;

(iv) Quantity received;

(v) Balance on hand;

(vi) Posting reference and date of transaction;

(vii) Unit price;

(viii) Location (see B–301(g)); and

(ix) Disposition.

In addition, where appropriate as determined by the property administrator, the serial number or Government identification number, or both for each item shall be recorded in a permanent manner in the property records and upon disposition, lined out or otherwise deleted from the record.

(c) *Record of Accessory and Auxiliary Equipment.* Accessory and auxiliary equipment, which is attached to or otherwise a part of an item of plant equipment or has been acquired for use in connection with a specific item, shall be recorded on the record of the item of plant equipment. In the event the accessory or auxiliary item is not attached to, a part of, or acquired for use with a specific item of plant equipment, it shall be recorded as indicated in C.306(b).

C.306–1 *Centrally Reportable Plant Equipment.* Notwithstanding the approval of a contractor's property accounting and control system the contractor shall, with respect to items identified as industrial plant equipment (IPE) (including those items which are a part of a manufacturing system and items of general purpose components of special test equipment) prepare a DD Form 1342 (see Attachments 1 and 2) at the time of acquisition or receipt. When IPE including general purpose components of special test equipment is no longer required at the point of acquisition or receipt, the contractor shall prepare a DD Form 1342 and reflect thereon any changes in original data not previously reported. The contractor shall retain the original of each DD Form 1342 and forward the copies through the property administrator to the NASA Contracting Officer. Use of the DD Form 1342 as the official property record is optional.

C.307 *Records of Real Property.* In the case of real property furnished by the Government under fixed-price contracts, and in the case of real property furnished by the Government and acquired by the contractor, title to which vests in the Government, under cost-type contracts the contractor shall maintain a continuous itemized record of the description, location, acquisition cost, and disposition of all Government real property including unimproved real property, all alterations and all construction work, and sites connected with such alteration and construction, acquired by purchase, lease or otherwise. The foregoing records will: (i) Be complete, (ii) show the original cost of the property and improvements and the cost of changes and additions thereto, and (iii) be appropriately indexed.

C.308 *Records of Scrap and Salvage.* In the event procedures for the control of scrap and salvage are required (see C.101(c) and except as provided in C.103(b)), the contractor shall maintain records of all scrap and salvage generated.

C.308–1 *Records of Scrap.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Scrap classification (material content);

(iii) Quantity on hand;

(iv) Unit of measure;

(v) Posting reference and date of transaction; and

(vi) Disposition.

C.308–2 *Records of Salvage.* The contractor's property control system shall be such as to provide the following minimum information:

(i) Contract number, if practicable, or equivalent code designation;

(ii) Nomenclature or description of items;

(iii) Quantity on hand;

(iv) Posting reference and date of transaction; and

(v) Disposition.

C.309 *Records of Related Data and Information.* The contractor shall maintain property control and accountability in accordance with sound business practice with respect to manufacturing or assembly drawings, installations, operation, repair, or maintenance instructions, or other similar data and information furnished to the contractor by the Government. The requirements of this Appendix are not otherwise applicable to such property.

C.310 *Records of End Items.* The contractor shall maintain a record of all completed products produced under a contract as follows:

(a) When there is no lapse of time between Government inspection and acceptance of the completed products and shipment from the plantsite, the records shall, as a minimum, consist of a summarization of quantities accepted or shipped. When end items are accepted by the Government and stored with the contractor awaiting shipment, the record shall identify quantities stored, location, and disposition action.

(b) On contracts which provide that completed products are to be retained by the contractor for further use under the contract, or other contracts, such items shall be considered "Government-furnished property" upon acceptance and shall be recorded as prescribed in this Subpart.

C.311 *Financial Control Accounts and Reports.*

(a) *Property Accounts.* The contractor's property control system shall be such as to provide semiannually the dollar amount of Government facilities and material for which he is accountable in the following classifications:

(i) Land and rights therein;

(ii) Buildings;

(iii) Other structures and facilities;

(iv) Leasehold improvements;

(v) Plant equipment;

(vi) Material; and

(vii) Special test equipment.

(b) *Facilities.* The contractor's accounts covering items (i) through (v) above will be susceptible to local reconciliation in totals and subtotals as to whether contractor acquired or Government furnished.

(c) *Material and Special Test Equipment.* The contractor's property control system shall be such as to provide the dollar value of items (vi) and (vii) for which he is accountable.

(d) *Reports To Be Prepared.* The contractor will prepare, semiannually, an Analysis of Government-Owned/Contractor-Held Property Other Than Space Hardware Report (NASA Form 1018) in acordance with the instructions contained in Financial Reporting Handbook for Government-Owned/Contractor-Held Property and Space Hardware (NHB 9500.2).

(e) *Submission of Reports.* Five copies of the NASA Form 1018, or a negative letter report when appropriate, will be submitted by the contractor to the cognizant property administrator so as to be received by December 26 covering the period July 1–November 30, and by July 26 covering the period December 1–June 30. One additional copy of the report marked "advance copy" will be forwarded simultaneously to the Financial Management or Fiscal Officer of the cognizant NASA installation.

C.312 *Records of Property of Misdirected Shipments.* The contractor's property control system shall be such as to provide the following information regarding each misdirected shipment of Government property received:

(i) Identity of shipment (shipping document, bill of lading, etc.);

(ii) Origin of shipment;

(iii) Content (items in the shipment) per shipping document, if available;

(iv) Location; and

(v) Disposition.

Subpart 4—Identification

C.400 *Scope of Subpart.* This subpart establishes minimum requirements for the identification and marking of Government property in the possession of control of the contractor.

C.401 *General.* The contractor shall identify, mark, and record all Government property promptly upon receipt, except as may be exempted by this subpart, and it shall remain so identified so long as it remains in the custody, possession, or control of the contractor. Assigned Government property identification numbers will be recorded on all applicable receiving documents, shipping documents, disposal documents, and any other documents pertaining to the property control system. Such markings shall be removed or obliterated from the property involved when the disposal is by sale, scrap or through donation.

C.402 *Material and Minor Plant Equipment.* All Government material and minor plant equipment shall be identified as Government property except in those cases where:

(i) No material or minor plant equipment of the same type at the same location is owned by the contractor, his employees, or other contracting agencies;

(ii) Adequate physical control is maintained over toolcrib items, guard force items, protective clothing, and other items issued for use by individuals in the performance of their work under the contract;

(iii) Property is of bulk type or by its general nature of packing or handling precludes adequate marking, as may be determined by the property administrator; and

(iv) Property is commingled, as authorized by C.103.

C.403 *Special Tooling and Special Test Equipment.* Government-owned special tooling and special test equipment shall be marked in accordance with the procedures established by the contractor and approved by the property administrator, unless it is determined by the contractor in an individual case that marking will damage the special tooling or special test equipment or is otherwise impracticable. The contractor shall advise the property administrator, in writing, of any such determination. Identification shall consist of a serial number (identification number) and an indication of NASA ownership, including the NASA installation responsible for funding and control of the property. If an item is already identified as "U.S. Property," the marking shall not be changed solely to conform to the provisions of this paragraph. Components of special test equipment, having an acquisition cost of $1,000 or more and incorporated in such a manner that removal and reutilization is feasible and economical, shall be marked in a manner

similar to plant equipment as required by C.404(b). General purpose components of special test equipment having an acquisition cost of between $200 and $1,000 may be identified in the same manner, when required for effective control, in accordance with the contractor's approval property control system.

C.404 *Plant Equipment.*

(a) *Industrial Plant Equipment.* All Government-owned industrial plant equipment shall be identified by the contractor, who shall affix directly to the equipment, a pre-numbered metal, fiber, plastic or other appropriate plate, marking or decal which shall be provided by the property administrator. Identification shall consist of an indication of NASA ownership, and NASA identification number except that accessory or auxiliary equipment associated with a specific item of industrial plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item or accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated. Identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of NASA.

(b) *Plant Equipment Other Than Industrial Plant Equipment.* Unless already marked in compliance with prior instructions, Government-owned plant equipment, which is not industrial plant equipment or minor plant equipment, shall be marked by the contractor with a Government identification number, except when the size or nature of the equipment makes it impracticable, or the equipment is accessory or auxiliary and attached to or otherwise a part of an item of plant equipment and is required for its normal operation, in which case such item shall be entered and described on the record of equipment to which it is attached or of which it is otherwise a part. Identification shall be effected by affixing a decal, metal, fiber, plastic or other plate directly to the equipment or by using indelible ink, acid or electric etch, steel dies, or other legible, permanent, conspicuous and tamper proof method. Identification by the contractor shall be in accordance with procedures established by the contractor and approved by the property administrator and shall consist of an indication of NASA ownership; however, if the item is already identified as "U.S. Property", the marking shall not be changed solely to conform to the provisions of this paragraph. Accessory or auxiliary equipment associated with a specific item of plant equipment and recorded on the official records for that item need not be marked with an identification number unless circumstances necessitate marking to assure that the item of accessory and/or auxiliary equipment will be returned to the Government with the basic item with which associated. Identification numbers assigned and markings affixed shall be permanent and will not be changed as long as the equipment remains under the control of NASA, unless a change is necessary to eliminate duplicate numbers in which case the contractor will reidentify the item(s) in accordance with the approved system.

Subpart 5—Physical Inventories

C.500 *Scope of Subpart.* This subpart establishes minimum requirements for the physical inventory of Government property in the possession or control of the contractor.

C.501 *Periodic Inventories.* The contractor shall periodically physically inventory Government property (except materials issued from stock for performance of manufacturing, research, design, or other services required by the contract) in his possession or control and shall cause his subcontractors to do likewise. Such periodic inventories normally shall be limited to materials, special tooling and minor plant equipment held in stocks and stores, and all special test equipment and other plant equipment. The type and frequency of physical inventory and the procedures therefor shall be established by the contractor and approved by the property administrator. In establishing type and frequency of inventory consideration should be given to contractor's established practices, type, and usage of the Government property in the possession or control of the contractor, amount of Government property involved and their monetary value, and the reliability of contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor; however, it may vary with the types of property being controlled. Inventory, as used here, consists of sighting, tagging or marking, describing, recording and reporting the property concerned and reconciling the property so recorded and reported with the property records.

C.502 *Inventories Upon Termination or Completion.* Immediately upon termination or completion of a contract, the contractor shall perform a physical inventory adequate for disposal purposes, of all Government property applicable to the terminated or completed contract. Further, the contractor shall cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Government property in the subcontractor's possession or control which is applicable to the terminated or completed contract.

(a) *Exception.* The requirement for physical inventory of Government property at the completion of a contract may be waived by the property administrator when the property applicable to the completed contract is authorized for use on a follow-on contract, provided:

(i) Past experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) A statement is provided by the contractor indicating that transfer of record balances has been made in lieu of preparing formal inventory list and the contractor accepts responsibility and accountability for those balances under the terms of the follow-on contract.

(b) *Listings for Disposal Purposes.*

(i) Standard items that have been modified may be described, on listings for disposal purposes, as standard items with a general description of the modification.

(ii) Items that have been fabricated, such as test equipment, shall be described in sufficient detail to permit a potential user to determine whether they are of sufficient interest to warrant further inspection.

C.503 *Reporting Results of Inventories.* The contractor shall, as a minimum, submit to the property administrator: (i) A listing which properly identifies all discrepancies disclosed by a physical inventory, and (ii) a signed statement that physical inventory of all or certain classes of Government property was completed on a given date and that the official property records were found to be in agreement with the physical inventory except for discrepancies reported. The listing and signed statement will be furnished with a minimum of delay after completion of the physical inventory.

C.504 *Quantitative and Monetary Control.* As directed or required by proper authority, contractor's reports of results of physical inventory action shall be prepared on both a quantitative and monetary basis and segregated by categories of property such as material (except material issued from stock for performance of manufacturing, research, design, or other services required by the contract), special tooling, special test equipment, plant equipment, etc.

Subpart 6—Care, Maintenance and Utilization

C.600 *Scope of Subpart.* This subpart establishes minimum requirements as to care, maintenance, and utilization of Government property in the possession or control of the contractor.

C.601 *General.* The contractor shall be responsible for the proper care, maintenance, and utilization of Government property in his possession or control from the time of receipt of the property until properly relieved of responsibility in accordance with the contract. The removal of Government property to storage, or its contemplated transfer, does not relieve the contractor of these responsibilities.

C.602 *Contractor's Maintenance Program.* The contractor's maintenance program (which shall be approved in accordance with C.101) shall be such as to provide for, consistent with the terms of the contract: (i) Disclosure of need for and the performance of normal maintenance, (ii) disclosure and reporting of need for capital type rehabilitation, and (iii) recording of work accomplished under the program.

(a) *Normal Maintenance.* Normal maintenance is maintenance generally performed on a regularly scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences. An effective normal maintenance program shall consist of, but not be limited to, the following actions:

(i) Inspecting buildings at such periodic intervals as will assure detection of deterioration and the need for repairs;

(ii) Inspecting plant equipment at such periodic intervals as will assure detection of maladjustment, wear, or impending breakdown;

(iii) Regularly scheduled lubrication of bearings and moving parts in accordance with a lubrication chart or equivalent plan;

(iv) Protection for exposure to deteriorating agents;

(v) Adjustments for wear, repair, or replacement of worn or damaged parts and the elimination of causes of deterioration of associated parts;

(vi) Removal of sludge, chips, and cutting oils from equipment which will not be used for a period of time;

(vii) Taking necessary precautions to prevent deterioration from contamination and corrosion; and

(viii) Proper storage and preservation of accessories and special tools furnished with an item of plant equipment but not regularly used with it.

(b) *Capital Type Rehabilitation.* The contractor's maintenance type program shall be such as to provide for the disclosure and reporting of the need for major repair, replacement, and other rehabilitation work for Government property in the possession or control of the contractor.

(c) *Records of Maintenance.* The contractor's maintenance program shall provide for records sufficient to disclose the maintenance actions performed and deficiencies discovered as a result of inspections.

C.603 *Utilization of Government Property.* The contractor's procedures shall be in writing and adequate to assure that Government property will be utilized only for those purposes authorized in the contract.

C.603–1 *Utilization of Industrial Plant Equipment.* The procedures applicable to IPE shall include, as a minimum:

(i) Methods which provide for a review of all IPE needs and usage;

(ii) Provisions for reporting immediately to the contracting officer IPE items for which retention is not justified; and

(iii) Rejustification of the need of IPE, upon request of the contracting officer.

C.604 *Property in Possession of Subcontractors.* The contractor shall require any of his subcontractors having Government property in their possession or control to adequately care for and maintain that property and assure that it is utilized only as authorized by the contract. Procedures necessary to the accomplishment of this responsibility shall be included in the contractor's approved property control system.

Attachment 1 to Appendix C

INSTRUCTIONS FOR THE PREPARATION OF NASA PROPERTY RECORD, DD FORM 1342, FEBRUARY 1968 EDITION FOR INITIAL REPORTING OF INDUSTRIAL PLANT EQUIPMENT (IPE)

This instruction is to be used in the preparation of DD Form 1342 to report newly acquired items of IPE and IPE items not previously reported. Only one initial report of IPE is required. In-use items will be reported initially to the contracting officer (see C.306-1) by use of this form by marking "active" and "initial" in Block 1. Section II, Block 52 (Condition Code), and Sections III and V of the form are to be completed in accordance with this instruction. Idle items of IPE being initially reported to the contracting officer are to be identified by marking "idle" and "initial" in Block 1. Sections I, II, III, and V of initial idle reports are to be completed in accordance with this instruction and the instruction for reporting idle industrial plant equipment (Attachment 2 to Appendix C). Entries in Section IV are not required for initial reports.

Block 1. Check appropriate boxes to indicate "Active" report and that the report is an "Initial" report.

Block 2. Enter the Julian date of preparation of the form. The first character will be the last digit of the current calendar year, and the next three characters, the Julian date of the year.

Block 3. Enter the Identification Number/Government Tag Number as recorded on the identification plate affixed to the equipment.

SECTION I—INVENTORY RECORD

Block 4. To obtain item identification data for reporting purposes use: a. Production Equipment Directories, D1 and D2. The PEC selection for metalworking machinery and welding, heat cutting and metalizing equipment items being reported will be obtained by comparing and matching a directory entry by manufacturer's designation, nomenclature, and size or capacity data. After selection, enter a 12-digit code consisting of the 10-digit number and a two-digit model code. When an item of IPE cannot be coded from the applicable directory, enter the first four digits of the applicable PEC.

b. IPE Handbooks. The PEC selection will be obtained from Section 3 of the appropriate Defense Supply Agency commodity handbook (see NASA PR 13.312) by the same method as outlined for directories as shown above. The PEC consists of 12 digits. For all other reportable items which cannot be identified to the order listed below:

(1) Section II of the IPE handbook will be screened for applicable entry. The PEC selected will be equal to a specific nomenclature and size or capacity data matching the item being reported.

(2) If Section II does not contain size or capacity data to cover the specific item, then the PEC representing the nomenclature only will be selected. The PEC for the nomenclature usually can be determined by presence of zeros in the ninth through the 12th position of the PEC, and the absence of a size or capacity in column 2.

(3) Additional description as required by the applicable descriptive guide shown in Section IV will be included on all reports submitted.

c. When an item of IPE cannot be coded from the sources indicated above, enter the first four digits of the applicable PEC/FSC.

Block 5. Installations which use the FSN as the identifying number will enter the FSN. When the FSN is known, it should be included in all reports.

Block 6. Indicate in dollars (omit any symbols, decimal points, commas, etc.) the acquisition cost used for property accounting purposes. The acquisition cost will be the price of the basic item plus accessories and auxiliary equipment procured and delivered with the basic unit. If the initial acquisition cost data are not available, an appraised acquisition cost (based on known costs at the time of manufacture of the same or similar equipment, price lists for the period involved, or the best available price from other sources in NASA or DOD, should be used which will achieve conformity of prices for like items of equipment.

Block 7. Enter one of the three type codes (1, 2, or 3) listed in Appendix 1D of Defense Supply Agency Manual DSAM 4215.1.

Block 8. Enter the last two digits of the year the item was manufactured. If the actual year of manufacture cannot be determined, estimate the date, and place an "E" immediately preceding the entry.

Block 9. Enter the appropriate operating power code listed in Appendix 1D of DSAM 4215.1.

Block 10. If applicable enter the appropriate status code listed in Appendix 1D of DSAM 4215.1.

Block 11. Enter the two-digit code "32" to indicate NASA-owned equipment.

Block 12. Not applicable.

Block 13. Not applicable.

Block 14. Enter the name of the manufacturer of the plant equipment being reported. Do not use a distributor's or vendor's name.

a. Enter the name of the manufacturer under which the item is listed in the Directory of Metalworking Machinery, Directory of Welding, Heat Cutting, and Metallizing Equipment, or appropriate IPE Handbook. In some cases, manufacturers have merged or become subsidiaries of another company; therefore, in reporting the manufacturer's name, use the appropriate manufacturing division of subsidiary name, and not the parent company.

b. Enter the word "Unknown" when the name of the manufacturer is not known.

Block 15. This is a five-digit numerical code identifying the manufacturer of IPE. The manufacturer's code will be obtained from Production Equipment Directories D1 and D2 and the DSAH series Industrial Plant Equipment Handbooks; however, if not available in these publications then refer to cataloging Handbook H4–1.

Block 16. a. Enter the manufacturer's model, style, or catalog number for the equipment being reported. Always use the model number, if available. Style number would be next in preference. When the manufacturer does not assign a model, style, or catalog number, the word "None" will be inserted.

b. When the model number is obtained from IPE directories or handbooks, the model number must agree with the manufacturer's description, size, capacities of the equipment and Plant Equipment Code. All model numbers must be verified by a physical inspection of the equipment.

c. When unable to locate a model number, refer to manufacturer's brochure or purchase order. If the model number is obtained from other than the equipment, indicate the source in "Remarks", Block 54.

Block 17. Enter the serial number taken from the plant equipment. If a serial number is not assigned to the item, enter "None".

Blocks 18, 19, 20, and 21. The length, width, and height including skid will be recorded to the next foot. Dimensions on boxed items should be to the next foot only.

a. Add 24" to the length, 4" to the width, and 10" to the height of the item for determining skidded dimensions. EXAMPLE: Actual machine measurements are 12'3" long, 6'10" wide, and 8'4" high. By using the above formula, reporting measurements would be 15' long, 8' wide, and 10' high.

b. When disassembly for movement or storage results in more than one skid, indicate the total size and weight. Length, width, and height of each individual skid assembly will be so indicated in "Remarks", Block 54.

c. Weight will be recorded to the nearest 100 pounds, except for items weighing less than 500 pounds on which the weight will be indicated to the nearest 10 pounds. The weight will not be limited to that of the basic machine, but will include the weight of accessories and auxiliary equipment. The combined weight does not include skid weight. The carrier's inbound freight bill on machine tool manufacturer's specifications are normally an accurate source document for weight information.

Block 22. Enter the Certificate of Nonavailability number and date assigned by DIPEC in Section V of DD Form 1419. This block must be completed for all newly procured items.

Block 23. Not applicable.

Block 24. This entry is not required in inventory reports.

Block 25. Enter the complete contract number under which the contractor is accountable for the item. This normally will be a facility contract number. Otherwise, the production, procurement service lease, or lay away contract number, as applicable, will be entered.

Block 26. Enter the complete description of the item, including the major group, class, subclass, type, subtype, size group, specific size, etc., as selected from the appropriate directory or handbook.

a. Production Equipment Directories D1 and D2. Beginning with the noun, insert the description of the item verbatim from the applicable directory for the PEC selected. Next, insert all sizes, capacities, and adjustments thereof, used by the manufacturer to describe the item if not included in the directory entry.

b. IPE Handbooks. Enter description from Sections I, II, or III of the handbook. Additional description will be shown as required by the applicable descriptive guide listed in Section IV of the handbook. No limit is established on the number of characters in this entry. Continue in "Remarks," Block 54 if required.

c. General.

(1) Physical inspection by qualified personnel will be performed on all IPE reported to obtain or verify descriptive and capacity data.

(2) If the term being reported is a single purpose item, a complete description of the product produced will be entered with identifying drawing or part numbers, if available.

(3) If the item being reported is designated as general purpose with special features, the special features and their relation to the original design will be fully explained.

Block 27. This entry is to be completed for all IPE that includes electric motors. Enter the electrical characteristics and quantity of all motors. List the main drive motor(s) first, followed by all other motors in order of

importance. If more than four lines are required, continue the listing under "Remarks," Block 54.

Block 28. Enter the NASA installation, or company name, street address, city, State and ZIP code of the actual location of the plant equipment in this block. If the actual location is a subcontractor's plant, enter the name of the prime contractor above the subcontractor's name. Do not use the office address if different from the plant address. If no street address exists, insert "No Street Address."

Block 28a. Not applicable.

Block 29. Not applicable.

SECTION II—INSPECTION BOARD

Block 52. Enter the appropriate condition code listed in Appendix 1D of DSAM 4215.1.

SECTION III—REMARKS

Block 54. The space in this block or on the reverse side of the form may be used for continuation or explanation of above entries. List all accessories and auxiliary equipment identified to the item (see Item 6, Acquisition Cost).

SECTION V—VALIDATION RECORD

Block 57. Enter the signature of the individual(s) authorized to validate the report (e.g., Property Administrator).

Attachment 2 to Appendix C

INSTRUCTIONS FOR THE PREPARATION OF NASA PROPERTY RECORD, DD FORM 1342, FEB. 1968 EDITION FOR REPORTING IDLE INDUSTRIAL PLANT EQUIPMENT (IPE)

This instruction is to be used in the preparation of DD Form 1342 to report idle IPE. The form will be submitted to the contracting officer in accordance with the instructions contained in C.306.1 within 10 days after the IPE becomes idle. If any data changes after submission of an initial idle report, a complete new report will be prepared and submitted.

1. Idle reports are identified by checking "idle" in Block 1 of the form. If the idle IPE is being reported to the contracting officer for the first time, the report is checked "idle" and "initial" in Block 1. Idle change reports, which report data changes after submission of the initial idle report, are identified by checking "idle" and "change" in Block 1 of a complete new report.

2. Entries in Sections I, III and V are to be completed in accordance with the instructions for initial reporting of IPE (Attachment 1 to Appendix C) except as specified in this instruction or as necessary to up-date an initial report. (E.g., remodeling cost will be added to the initial acquisition to obtain a new cost.) Initial acquisition cost will be reduced, if necessary, in accordance with the following:

All accessories and auxiliary equipment attached or identified to an item of IPE will be entered and described on the DD Form 1342. In the event accessories and auxiliary equipment are reassigned to another item of IPE, the respective DD Forms 1342 will be updated to reflect the transfers and to record the changes to acquisition costs of each item of IPE. Precision fitted accessories and auxiliary equipment will not be reassigned to another item of equipment.

NOTE: Costs to rehabilitate, repair or rebuild IPE will not be added to the acquisition cost.

SECTION I—INVENTORY RECORDS

Block 24. Enter the ARD by Julian date. For items other than contractor inventory leave this box blank.

Block 28. Enter the name, street address, city, State and zip code of the actual location of the equipment. Also include the name and telephone number of the individual at the location who may be contacted for additional technical data.

NOTE: If the item must be moved to another location for disposal purposes, enter the new location data in Block 54.

SECTION II—INSPECTION RECORD

Block 30. Self explanatory.

Block 31. If yes, enter the date of the last rebuild/overhaul.

Block 32. If "yes" explain in "Remarks". Give explanation of the effect modification has on general utility of item such as limiting its use, and whether it could be converted economically to its original configuration.

Block 33. Self explanatory. Explain "No" answers in "Remarks".

Block 34. If the answer is "No", describe the maintenance and amount of expenditure in "Remarks".

Blocks 35 through 40. Self explanatory.

Blocks 41. If "No", briefly describe defects in "Remarks".

Block 42. If "Yes", give estimate of the cost.

Block 43. If "No", explain in "Remarks".

Blocks 44 through 47. Self explanatory. If answer to question is "No", briefly describe each defect in "Remarks".

Block 48. Enter the number of hours item was used by current possessor.

Block 49. Enter a brief description of last use.

Examples:

Welder—"Y" ring.
Oscilloscope—Booster control calibration.
Lathe—Finish low carbon steel.
Grinder—High speed steel shafts.
Magnaflux—Test landing struts.

Block 50. Enter estimated cost for preparation and loading for movement by common carrier.

Block 51. If the item is being reported in advance of the date of availability for redistribution, indicate date the item will become available.

Block 52. Enter the appropriate condition code listed in Appendix 1D of DSAM 4215.1.

Block 53. Enter the appropriate operating test code listed in Appendix 1D of DSAM 4215.1. NASA installations which have performed an analytical inspection of IPE being reported idle should attach a copy of the completed analytical test pattern to the idle report.

SECTION III—REMARKS

Block 54. Use "Remarks" for continuation or explanation of previous entries, and

a. List all accessories and auxiliary equipment identified to the item and available for shipment.

b. Explain the type and degree of chemical or radioactive contamination of components. If decontamination is possible or not, explain fully.

c. List aluminum skid components required to ship the item reported.

SECTION IV—DISPOSITION RECORD

Block 55. Enter name and address of NASA installation, Governmental agency and activity or contractor to which item is transferred.

Block 56. Enter an "X" in the appropriate box to indicate type of disposition.

Block 56a. Enter date of disposition or delivery and amount of proceeds realized if disposition was by sale.

SECTION V—VALIDATION RECORD

Block 57. Enter the signature of the individual(s) authorized to validate the report (e.g., Property Administrator).

Appendix D—[Reserved]

Appendix E—Contract Financing

SUBPART 1—[RESERVED]

SUBPART 2—BASIC POLICIES

E.200 *Scope of Subpart.* This subpart sets forth basic policies applicable to advance payments and progress payments. Policies and procedures more particularly pertaining to the specific methods of contract financing are contained in the parts of these regulations relating to each method of financing. Paragraph E-201 and E-202 also deal with other payments to contractors.

E.201 *Acceleration of Payments.* Payments must be made promptly on all contracts when due. It is of continuing importance that there be acceleration of all proper payments earned by contractors, including progress payments. Undue delays by the Government in determining amounts due to contractors or in making timely payment of amounts earned by contractors would impose financing burdens on contractors and may amount to extensions of credit by contractors to the Government. Contracting officers should give favorable consideration to reasonable requests for billing more frequently than monthly.

E.202 *Timely Action.* In connection with requests for provision of progress payments or advance payments, there must be timely action, no unwarranted delay, and no hesitation to make proper contract financing provisions. Likewise, with regard to other payments to contractors, not constituting contract financing, amounts properly payable to contractors must be ascertained promptly and paid expeditiously. Responsible personnel shall utilize vigorously all proper means available to them for ascertainment and payment of amounts payable to contractors as rapidly as possible. Whenever it appears that it will be necessary to provide additional funds on contracts, it is of great importance that there be appropriate early action to assure the availability of funds for payment of amounts earned by contractors. Significant examples of situations in which it is of particular importance that there be timely and effective action, and no unnecessary Government delay, include:

(i) Negotiation and agreement on amounts earned by contractors (a) pursuant to change orders (see § 18-1.203) or unilateral contract modifications (see § 18-1.205), (b) for other equitable adjustments pursuant to contracts, (c) under contract provisions for price revision or fee adjustment, (d) under contract provisions for payment for special tooling, and (e) for final payments on contract terminations;

(ii) Retroactive establishment of overhead billing rates under contracts providing for provisional overhead billing rates;

(iii) Contract provision to support billing and payment for (a) cost overruns properly incurred by contractors after appropriate notice in conformity to contract provisions, and (b) spare parts deliveries effected before issuance of appropriate contract supplement;

(iv) Definitization of letter contracts; and

(v) Appropriate release of any withholdings deemed unnecessary on contracts where deliveries and services have been completed and amounts are being withheld pending final settlements.

E.202-1 *Supplemental Agreement.* After negotiations involving agreement on an amount to be paid to a contractor, appropriate supplemental agreement shall be prepared expeditiously and executed without delay. To the very greatest extent practicable, all such supplemental agreements and also those supplemental agreements involving re-

funds by contractors shall be limited to appropriate coverage of the matters directly related and leading to the contemplated payment by or to the Government; and their preparation and issuance shall not be held up pending the consummation of agreements on other separate matters on which contract amendments are desired or contemplated.

E. 203 [*Reserved*]

E. 204 *Small Business.* Immediate and continuing attention must be given at all levels to insure that constructive measures will be taken to facilitate and accelerate necessary contract financing assistance to small business concerns. Every reasonable effort must be made to assist small business concerns in the resolution of their problems relative to the financing of contract performance, including any cases in which it may be reasonably necessary to increase the rate for progress payments and to assist them in understanding and complying with the requirements of performance as to payment forms, inspection and cost accounting. However, the issuance of a certificate of competency by the Small Business Administration shall not be considered as a requirement that contract financing must be provided by NASA.

E. 205 *Purpose of Contract Financing.* The providing of funds for payment of expenses of performance of contracts is an essential element of NASA procurement. Contract financing is to be regarded as a useful working tool that may be used to the benefit of the Government, for aiding procurement by expediting performance of NASA contracts and subcontracts. The contract financing system makes possible research and development achievements that could not be accomplished otherwise. Prudent contract financing supports procurement and production and fosters the small business policy by providing necessary funds to supplement other funds available to contractors for contract performance.

E. 206 *Support of Procurement—Minimizing Monetary Loss.* Financing must support procurement and should be designed to aid, not impede, essential procurement, but should be so administered as to avoid the risk of monetary loss to the Government to the extent compatible with aiding essential procurement.

E. 207 *Reasonable Need.* Government financing for production or services should be provided only if, and to the extent, reasonably required for prompt and efficient performance of Government contracts and subcontracts.

Appendix F—[Reserved]

Appendix G—NASA Management Instruction 5101.19

SUBJECT: Avoiding Conflict-of-Interest Situations in the Placing of NASA Contracts

NMI 5101.19
July 1, 1968
(*Effective date*)

MANAGEMENT INSTRUCTION

SUBJECT: Avoiding Conflict-of-Interest Situations in the Placing of NASA Contracts.

1. *Purpose.* This Instruction continues in effect guidelines that were prescribed in December 1963 for avoiding situations where the placing of a contract may give rise to conflicts of interest. These guidelines are based on the "Rules for the Avoidance of Organizational Conflicts of Interest," promulgated by the Department of Defense on June 1, 1963, by DOD Directive No. 5500.10.

2. *Authority.* Report to the President on Government Contracting for Research and Development, submitted to the President on April 30, 1962, by the Bureau of the Budget (the so-called Bell Report).

3. *Applicability.* This Instruction applies to NASA Headquarters and Field Installations.

4. *General Policy.* It is NASA policy to avoid situations in the procurement process where, by virtue of work or services performed for NASA, or as a result of information or data acquired from NASA or from industry, a particular company:

a. Is given an unfair competitive advantage over other companies in respect to future NASA business;

b. Is placed in a position to affect Government actions under circumstances in which there is danger that the company's judgment may be biased; or

c. Otherwise finds that a conflict exists between the performance of work or services for the Government in an impartial manner and the company's own self-interest.

5. *Guidelines.* a. The general rules set forth in Attachment A of this Instruction are for the guidance of all NASA installations in the placing of contracts. However, in some cases involving unusual contract situations, specific rules will be required.

b. NASA Instructions 5101.2 and 5101.3 imposing certain restrictions on the placing of contracts with companies of the Bell System and with the General Electric Co., in light of the unique relationship these companies will have to NASA, illustrate the need for special rules in some cases. Any such specific rules will:

(1) Require the approval of the Director of Procurement,

(2) Be formalized in individual NASA issuances, and

(3) Govern for the specific case in the event of inconsistency between such rules and the guidelines set forth in Attachment A hereto.

6. *Waiver.* Application of the guidelines set forth in Attachment A may be varied or waived in a particular case by the Director of Procurement when such action would, in his judgment, be in the best interests of the Government.

7. *Cancellation.* NMMI 3-3-16 (TS 704).

JAMES E. WEBB,
Administrator.

Distribution: SDL 1.

JULY 1, 1968. Attachment A
NMI 5101.19

RULES FOR THE AVOIDANCE OF ORGANIZATIONAL CONFLICTS OF INTEREST*

The following rules state general prohibitions which are then explained and illustrated by specific examples. There will undoubtedly occur cases which are not resolved by these rules. As the Bell Report said, "[Conflict of Interest] arises in several forms—not all of which are by any means yet fully understood." In order to assist in deciding what, if any, prohibitions should be applied in such instances, the two basic principles of this code—(1) preventing conflicting roles which might bias a contractor's judgment, and (2) preventing unfair competitive advantage—should be paramount. The following rules and examples are not all inclusive but merely attempt to achieve these two goals in a variety of situations. The ultimate test should always be: Is the contractor placed in a position where his judgment may be biased, or where he has an unfair competitive advantage? If so, corrective action must be taken in accordance with the rules below.

As used in these rules, "contractor" means the person under contract to NASA to perform the work described in each rule, and its affiliates; "system" means system, subsystem, project, or item. The term "systems engineering" includes a combination of substantially all the following activities: Determination of specifications, identification, and solution of interfaces between parts of the system, development of test requirements or plans and evaluation of test data, and supervision of design work. The term "technical direction" includes a combination of substantially all the following activities: Preparation of work statements for contractors, determination of parameters, direction of contractors' operations, and resolution of technical controversies.

1. If a contractor agrees to provide systems engineering and technical direction (SE/TD) for a system, without at the same time assuming overall contractual responsibility for: (a) development, or (b) integration, assembly and checkout (IAC), or (c) production of the system, then that contractor shall not later be allowed to supply the system or any major components thereof, or to be a subcontractor or consultant to a supplier of the system or any major components thereof.

Explanation: The SE/TD contractor occupies a highly influential and responsible position both in determining basic concepts of a system and in supervising their execution by other contractors. To assure the objectivity of its services and hence a more soundly planned system, the SE/TD contractor must not be in a position to make decisions which could favor its own products. Furthermore, it would be inconsistent with the managerial responsibility of an SE/TD contractor for it to be concurrently one of the component suppliers.

Example A: Company A agrees to provide SE/TD for NASA on a manned reentry vehicle for a group of launch vehicles. Company A shall not be allowed to supply any components of the reentry vehicle. Company A can, however, supply components of the launch vehicle unrelated to the reentry vehicle. In this example, the system is the manned reentry vehicle, not the launch vehicle, and the ban on the supply of components is coterminous with the system only.

Example B: Company A is the SE/TD contractor for system X. After some progress, but prior to completion, the system is canceled. Later, system Y is developed to achieve the same purpose as system X, but in a fundamentally different fashion. Company B is the SE/TD contractor for system Y. Company A may bid to produce system Y, or its components.

2. If a contractor agrees to prepare and furnish complete specifications covering nondevelopmental items to be used in competitive procurement, that contractor shall not be allowed to furnish such items, either as a prime or subcontractor, for a reasonable period of time including, at least, the initial procurement. This rule shall not apply to:

a. Contractors who furnish at Government request specifications or data with respect to the product they furnished, even though the specifications or data may have been paid for separately or in the price of the product.

b. Situations where one or more contractors acting as industry representatives assist NASA in preparing, refining or coordinating specifications, regardless of source, which assistance is supervised and controlled by Government representatives.

c. Contracts for developmental or prototype items.

Explanation: If a single contractor is engaged by the Government to draft complete specifications for nondevelopmental equipment, he should be eliminated for a reasonable time from competition for production based on the specifications. This should be

* These rules are identical to those issued by the Department of Defense in DOD Directive 5500.10 on June 1, 1953, except for the words "Department of Defense" in order to make the guidelines applicable to NASA.

done in order to avoid a situation where he could draft specifications which would favor his own products or capabilities. In this way the Government can be assured of getting unbiased advice as to the content of its specifications and can avoid allegations of favoritism in the award of production contracts.

In development work it is normal to select firms which have done the most advanced work in the field. It is to be expected that these firms will design and develop around their own prior knowledge. Development contractors can frequently start production earlier and more knowledgeably than firms which did not participate in the development, and this affects the time and quality of production, both of which are important to the Government. In many instances the Government may have financed such development. Thus, the development contractor may have an unavoidable competitive advantage which is not considered unfair and no prohibition should be imposed.

In instances of cooperation between industry and NASA to prepare, refine or coordinate specifications, there is continuous participation and supervision by Government representatives and, usually, more than one contractor concerned. In these circumstances Government supervision prevents the establishment of specifications oriented to favor a given contractor's products or capabilities.

Example A: Company A prepares updated Government specifications for a standard compressor to be procured competitively. Company A shall not be allowed for a reasonable period of time to compete for supply of the compressor.

Example B: Company A designs or develops a new electronic equipment and, as a result of the design or development, prepares specifications. Company A may supply the electronics equipment.

Example C: XYZ Tool Co. and/or KLM Machinery Co, representing the American Tool Institute work under the supervision and control of Government representatives to refine specifications or to clarify the requirements of a specific procurement. These companies may supply the item.

3. If a single contractor, other than a company which has participated in the development or design of a system, agrees to assist NASA or a contractor of NASA in the preparation of a statement of work, or agrees to provide material leading directly, predictably, and without delay to a statement of work, to be used in the competitive procurement of a system or services, that contractor shall not be allowed to supply the services, or the system or major components thereof, unless he is the sole source. The content of a statement of work shall not be considered predictable if more than one contractor is involved in the preparation of material leading to it.

Explanation: The various services related to a statement of work to be used in a competitive procurement should normally be performed by the Government. However, when it is necessary to seek the assistance of contractors, they may often be in a position to favor their own products or capabilities. To overcome this possibility of bias, such contractors are to be prohibited from supplying a system or services procured on the basis of work statements growing out of their services.

No prohibitions are imposed on development contractors for the reasons given in the explanation to rule 2.

Example A: Company A receives a contract to define the detailed performance characteristics for the purchase of rocket fuels. A has not developed the particular fuels. At the time the contract is awarded, it is clear to both parties that the performance characteristics arrived at will be used to choose competitively a contractor to develop or produce the fuels. Company A shall not be permitted to bid on this procurement.

Example B: Company A receives a contract to prepare a detailed plan for the procurement of services aimed at the advanced scientific and engineering training of NASA personnel. It suggests a curriculum which NASA endorses and incorporates in requests for proposals to various institutions to establish and conduct such training. Company A shall not be permitted to bid on this procurement.

Example C: Company A prepares a feasibility study of a new spacecraft without proposing in detail the characteristics of a possible final device. It may offer to produce the spacecraft or components thereof.

4. If a contractor agrees to conduct studies or provide advice concerning a system, which work requires access to proprietary data of other companies, the contractor must agree with such companies to protect such data from unauthorized use or disclosure so long as it remains proprietary. In addition, the contractor shall not be permitted to utilize the data in supplying the system, or components thereof, procured, either by formal advertising or negotiation, as a direct result of that study or advice, or in performing for NASA additional studies in the same field which are obtained competitively.

Explanation: Proprietary data is information considered so valuable by its owners that it is held secret by them and their licensees. Where a contractor must obtain such data from others for purposes of the study, and can obtain it by the leverage of the NASA contract, he will gain an advantage over other companies unless there are restrictions upon his use of the data. Such restrictions are necessary both to protect the data and to encourage companies to furnish it to contractors for the necessary performance of the NASA contract. The rule is not intended to protect proprietary data furnished voluntarily by companies without limitations as to use or data which falls into the public domain.

Exampe A: Company A is selected to study the use of lasers in communications. NASA will request that firms doing research in the field make proprietary data available to A. In order to receive the contract, A must agree with such firms to protect any proprietary data it obtains, so long as it remains proprietary, and shall not be permitted to utilize the data in supplying any lasers to the Government. Furthermore, while A could not receive a competitively awarded contract to perform additional studies of lasers using such data, it may receive a sole source contract for such studies.

Appendix H—[Reserved]

Appendix I—Preparation, Reproduction, and Distribution of Material Inspection and Receiving Report (MIRR) (DD Forms 250 and 250c)

Subpart 1—Introduction

I.101 *General.*

(a) This appendix sets forth procedures and instructions for the use, preparation, and distribution of the Material Inspection and Receiving Report (MIRR) (DD Forms 250 series) and suppliers commercial shipping/packing lists used to evidence Government Procurement Quality Assurance (PQA).

(b) MIRR's are used to document Procurement Quality Assurance, acceptance of supplies and services, and shipments; they are used by receiving, status control, technical, contracting, inventory control, requisitioning, and paying activities. MIRR's are not required to be used for:

(i) Shipments by subcontractors where direct shipment is not made to the Government;

(ii) Shipment of contract inventory (see § 18-8.101-5); or

(iii) Movement of Government property unless for original acquisition.

(c) To preclude delays in shipments, payments, and avoid multiple corrections, contractors are encouraged to consult with the cognizant Government representative regarding implementation of this appendix.

I.102 *Applicability.*

(a) The provisions of this appendix are applicable to all deliveries of supplies or services procured by or for the National Aeronautics and Space Administration. Exceptions are as follows:

(i) Procurements effected under Subpart 18-3.6;

(ii) Negotiated subsistence procurements;

(iii) Subcontracts where direct shipment is not made to the Government; and

(iv) Contracts for which the end item is a technical or scientific report.

(b) When the National Aeronautics and Space Administration provides PQA and/or acceptance services for non-NASA activities, the MIRR shall be prepared in accordance with the instructions of this appendix unless otherwise specified in the contract.

I.103 *Use.*

(a) The DD Form 250 is a multipurpose report used for:

(i) PQA—To provide evidence of PQA at origin or destination;

(ii) Acceptance—To provide evidence of acceptance at origin or destination;

(iii) Packing List;

(iv) Receiving;

(v) Shipping;

(vi) Contractor Invoice;

(vii) Contractor Invoice Support; and

(viii) Contractor Internal Use.

I.104 *Application.*

(a) The DD Form 250 shall be used for delivery of contract line, subline, exhibit line, or exhibit subline items.

(b) If the "Shipped To," "Marked For," "Shipped From," "PQA" and "Acceptance" data are the same for more than one shipment made on the same day under the same contract, one MIRR shall be prepared to cover all such shipments, except that, if the volume of the shipments precludes the use of a single car, truck, or other vehicle, either a copy of the single MIRR or a separate MIRR shall be provided for each vehicle.

(c) The DD Form 250 may, but is not required for use under: Imprest fund purchases, purchase orders, delivery orders placed against Federal Supply Schedule contracts, delivery orders placed against an indefinite delivery type contract, delivery orders placed against a blanket purchase agreement, or, whenever the purchasing, requisitioning or ordering document adequately provides for inspection and/or acceptance.

I.105 *Forms.*

(a) Contractors may obtain from the procurement office upon request and at no cost, MIRR forms required for use in connection with Government contracts.

(b) Contractors may print forms provided that the format and dimensions (DD Forms 250 and 250c—8½ x 11") are identical to the MIRR forms printed by the Government and that the forms are cast to provide for 78 characters per printed image horizontally and 62 lines vertically border to border for the DD Form 250, and 61 lines vertically border to border for the DD Form 250c.

SUBPART 2—PQA ON SHIPMENTS BETWEEN CONTRACTORS

I.201 *PQA on Subcontracts.* The suppliers' shipping/packing list shall be used to document required PQA actions at origin on shipments between the prime contractor and his subcontractors/suppliers or between subcontractors/suppliers on the same prime contract if direct shipment is not made to the Government. PQA actions shall be documented by including Block 21A data on the appropriate supplier shipping/packing list (see Block 21A instructions). Distribution for Government purposes shall be one copy:

(i) With shipment;

(ii) For the Government representative at consignee (via mail); and

(iii) For the Government representative at consignor.

SUBPART 3—PREPARATION OF THE DD FORM 250 AND DD FORM 250c

I.301 *Preparation Instructions.* DD Form 250 (MIRR) and DD Form 250c (Continuation Sheet) shall be prepared as follows:

(a) *General:*

(i) The date, where required, shall utilize seven spaces consisting of the last two digits of the year, three alphabetic month abbreviation, and two digits for the day. For example, 67AUG07, 67SEP24;

(ii) The address, where required, shall consist of the name, street address/Post Office Box, city, State, and ZIP code;

(iii) When the DD Form 250c is used, the data entered in the blocks at the top of the form shall be identical to the comparable entries as shown in Blocks, 1, 2, 3, and 6 of the DD Form 250;

(iv) Overflow data of the DD Form 250 shall be entered in Block 16 or in the body of the DD Form 250c with appropriate black cross reference. Additional DD Form 250c sheets, solely for continuation of Block 23 data, shall not be numbered or distributed as part of the MIRR.

(b) *Classified information.* Classified information shall not be included in or appear on the MIRR, nor shall the MIRR be classified.

Block 1—Contract number.

(a) Enter the contract number as contained in the contractual document, including the applicable call/order number if any.

(b) Enter the name of the procurement office immediately below the contract number. This requirement may be satisfied by inclusion of the approved prefix used in the contract number to identify the procurement office.

Block 2—Shipment number.

(a) The shipment number is composed of a three alpha character prefix and a four numeric or alpha-numeric serial number.

(1) The shipment number prefix shall be controlled and assigned by the prime contractor and shall consist of three alphabetic characters for each "Shipped From" address (Block 11).

(2) The first shipment under a prime contract from each "Shipped From" address shall be numbered 0001; all subsequent shipments under that prime contract shall be consecutively numbered.

a. Alpha-numeric serial numbers shall be used when more than 9,999 numbers are required. Alpha-numeric numbers shall be serially assigned with the alpha in the first position followed by the three position numeric serial number. The following alpha-numeric sequence shall be used (the letters I and O shall not be used):

A001 through A999 (10,001 through 10,999)
B001 through B999 (11,001 through 11,999)
through
Z001 through Z999 (34,001 through 34,999)

b. When this series is completely used numbering shall revert to 0001.

(b) The shipment number of the initial shipment shall be reassigned where a "Replacement Shipment" is involved (Block 16 (b) (4)).

(c) The prime contractor shall control deliveries and on the last shipment of the contract shall suffix the shipment number with a "Z" in addition to that required for line items (see Block 17). Where the contract final shipment is from other than the prime contractor's plant, the prime contractor may elect either to direct the subcontractor to suffix the "Z", or, on receipt of the subcontractor final shipment information, to correct the DD Form 250 (see I.305) covering the last shipment from the prime contractor's plant by addition of a "Z" to that shipment number.

Block 3—Date Shipped. Enter the date the shipment is released to the carrier. If the shipment will be released after the date of PQA and/or Acceptance, enter the estimated date of release. When the date is estimated, enter an "E" after the date. Distribution of the MIRR shall not be delayed for entry of the actual shipping date. Reissuance of the MIRR is not required to show the actual shipping date.

Block 4—B/L TCN. When applicable enter:

(a) The commercial or Government bill of lading number after "B/L"; and

(b) The Transportation Control Number after "TCN".

Block 5—Discount terms. The discount, in terms of percentages and corresponding days allowed, shall be entered as described below:

(a) The contractor may, at his option, enter the discount terms on all copies of the MIRR.

(b) When the MIRR is used as an invoice, see I.306.

Block 6—Invoice number/date. Enter the invoice number and date as described below:

(a) The contractor may, at his option, enter the invoice number and date on all copies of the MIRR.

(b) When the MIRR is used as an invoice, see I.306.

Block 7—Page/of. Consecutively number the pages comprising the MIRR. On each page enter the total number of pages of the MIRR.

Block 8—Acceptance point. Enter an "S" for Origin or "D" for Destination as specified in the contract as the point of acceptance. Enter an alphabetic "O" for Other if the point of acceptance is not specified in the contract.

Block 9—Prime Contractor. Enter the address.

Block 10—Administered by. Enter the address of the Procurement Office cited in the contract.

Block 11—Shipped from/f.o.b.

(a) Enter the code and address of the "Shipped From" location. If identical to Block 9, enter "See Block 9."

(b) Enter on the same line and to the right of "f.o.b." and "S" for Origin or "D" for Destination as specified in the contract. Enter an alphabetic "O" if the "f.o.b." point cited in the contract is other than origin or destination.

Block 12—Payment will be made by. Enter the address of the payment office cited in the contract.

Block 13—Shipped to. Enter the address of the consignee as contained in the contract or shipping instructions.

Block 14—Marked for. Enter the "Mark For" address and/or other designation as contained in the contract or shipping instructions.

Block 15—Item number. Enter the contrast line item, subline line, exhibit line or exhibit subline identification as set forth in the contract. If four or less digits are used, they will be positioned to the left of the vertical dashed line. Where a six-digit identification is used, enter the last two digits to the right of the vertical dashed line.

Block 16—Stock/part number description.

(a) Enter, as applicable, for each line item, using single spacing between each line item:

(1) The Federal Stock Number (FSN) or noncatalog number and, if applicable, prefix or suffix; when a number is not provided or it is necessary to supplement the number, include other identification, e.g., manufacturer's name or Federal Supply Code, as published in Cataloging Handbook H4–1, and part number; additional part numbers may be shown in parentheses; the descriptive noun of the item nomenclature and, if provided, the Government assigned management/material control code.

The following technique may be used in the case of equal kind supply items: the first entry shall be the description without regard to kind. For example: "Resistor," "Vacuum Tube," etc. Below this description, enter the contract line item number in Block 15 and Stock/Part number followed by the size or type in Block 16.

(2) On the next printing line; the make, model, series number, lot, batch, hazard indicator and/or similar description.

(3) On the next printing line; the FEDSTRIP requisition number(s) when provided in the contract or shipping instructions.

(b) In addition to entries required above, enter on the next line the following as appropriate. Where applicable to all line item numbers identified in the MIRR, enter such data only once after the last line item entry. Entries may be extended through Block 20.

(1) Enter in capital letters any special handling instructions/limits for material environmental control, e.g., temperature, humidity, aging, freezing, shock, etc.

(2) When an FSN is required by but not cited in a contract and has not been furnished by the Government, shipment may be made without such FSN at the direction of the contracting officer. Enter the authority for such shipment.

(3) When Government furnished property (GFP) is included with or incorporated into the line item, enter the letters "GFP".

(4) When shipment consists of replacements for supplies previously furnished, enter in capital letters "Replacement Shipment." (See I.301, Block 17 for replacement indicators.)

(5) For items shipped with missing components, enter and complete the following: "Item(s) shipped short of the following component(s): FSN or comparable Identification ----------, Quantity ----------, Estimated Value ----------, Authority ----------."

(6) When shipment is made of components which were short on a prior shipment, enter and complete the following: "These components were listed as shortages on shipment number ------, date shipped ----------."

(7) When shipments involve drums, cylinders, reels, containers, skids, etc., designated as returnable under contract provisions, enter and complete the following: "Return to ----------, Quantity ----------, Item ----------, Ownership (Government/contractor)."

(8) Enter shipping container number(s), the type, and the total number of the shipping container(s) included in the shipment.

(9) The MIRR shall be used to record and report the waivers and deviations from contract specifications, including the source and authority for the waiver or deviation. For

example, the procuring installation authorizing the waiver or deviation and the identification of the authorizing document.

(10) For shipments involving discount terms, enter "Discount Expedite" in at least 1-inch outline type style letters.

(11) When test/evaluation results are a condition of acceptance and are not available prior to shipment, the following note shall be entered if the shipment is approved by the contracting officer: "NOTE: Acceptance and payment are contingent upon receipt of approved test/evaluation results". The contracting officer shall advise (a) the consignee of the results (approval/disapproval) and (b) the contractor to withhold invoicing pending attachment to his invoice of the approved test/evaluation results.

(12) The copy of the DD Form 250 required to support payment for destination acceptance (top copy of the four with shipment) or ARP origin acceptance (additional copy furnished to the QAR) shall be identified as follows: enter "Payment Copy" in approximately ½-inch outline type style letters with "Forward to Block 12 Address" in approximately ¼-inch letters immediately below. Do not obliterate any other entries.

(13) A double line shall be drawn completely across the form following the last entry.

Block 17—Quantity shipped/received.

(a) Enter the quantity shipped, using the unit of measure indicated in the contract. When a second unit of measure is used, enter the appropriate quantity directly below in parenthesis.

(b) Enter a "Z" below the first digit of the quantity when:

(1) the total quantity of the line item is delivered, including variations within contract terms.

(2) all shortages on items previously shipped short are delivered.

(c) If a replacement shipment is involved, enter below the first digit of the quantity, the letter "A" to designate first replacement, "B" for second replacement, etc. The final shipment indicator "Z" shall not be used when a final line item shipment is replaced.

Block 18—Unit. Enter the abbreviation of the unit of measure as indicated in the contract. Where a second unit of measure is indicated in the contract or used for shipping purposes, enter the second unit of measure directly below in parenthesis.

Block 19—Unit Price. The contractor may, at his option, enter unit prices on all MIRR copies when the MIRR is used as an invoice.

Block 20—Amount. Enter the extended amount when the unit price is entered in Block 19.

Block 21—Procurement Quality Assurance. The words "conform to contract" contained in the printed statements in Blocks A and B relate to contract obligations pertaining to quality, and to the quantity of the items on the report. The statements shall not be modified. Notes taking exception shall be entered in Block 16 or on attached supporting documents with appropriate block cross reference.

"A. Origin."

(1) The authorized Government representative shall:

a. Place an "X" when applicable in the appropriate PQA and/or Acceptance box(es) to evidence origin Procurement Quality Assurance and/or Acceptance. When the contract requires PQA at destination in addition to origin PQA, an asterisk will be entered at the end of the statement and an explanatory note entered in Block 16;

b. Enter the date of signature;

c. Sign; and

d. Enter the typed, stamped, or printed name of the signer and office code.

"B. Destination."

(1) When acceptance at origin is indicated in Block 21A, no entries shall be made in Block 21B.

(2) When PQA and Acceptance or Acceptance is at destination, the authorized Government representative shall:

(a) Place an "X" in the appropriate box(es);

(b) Enter the date of signature;

(c) Sign; and

(d) Enter typed, stamped, or printed name and title.

Block 22—Receiver's use. This block is provided for the use of the receiving activity (Government or contractor) to denote receipt, quantity and condition.

Block 23—Contractor use only. This block is provided and reserved for Contractor use.

I.302 [*Reserved*]

I.303 *Consolidated Shipments.* When individual shipments are held at the contractor's plant for authorized transportation consolidation to a single destination on a single bill of lading, the applicable DD Forms 250 may be prepared at the time of Procurement Quality Assurance or Acceptance prior to the time of actual shipment. (See Block 3).

I.304 [*Reserved*]

I.305 *Correction Instructions.* When, because of errors or omissions, it is necessary to correct the MIRR after distribution has been made, a revised MIRR shall be effected by correcting the original master and distributing the corrected form. The corrections shall be made as follows:

(i) Circle the error and place the corrected information in the same block; if space is limited, enter the corrected information in Block 16 referencing the error page and block.

(ii) The words "Corrections Have Been Verified" shall be entered on page 1. The authorized Government representative shall place the date and sign immediately below the statement.

(iii) MIRR's shall not be corrected for Blocks 19 and 20 entries.

(iv) Pages of the MIRR requiring correction shall be clearly marked "Corrected Copy", avoiding obliteration of any other entries. Where corrections are made only on continuation sheets, page number 1 shall also be marked "Corrected Copy."

(v) Page 1 and only those continuation pages marked "Corrected Copy" shall be distributed to the initial distribution. A complete MIRR with corrections shall be distributed to new addressee(s) created by error corrections.

I.306 *Invoice Instructions.* Contractors are encouraged to use copies of the MIRR as an invoice, in lieu of a commercial form, but are not required to do so. When used as an invoice, four copies shall be prepared and forwarded to the payment office as follows:

(i) Complete Blocks 5, 6, 19, and 20.

(ii) Mark in letters approximately 1-inch high, first copy: "Original Invoice"; three copies: "Invoice Copy".

(iii) Forward the four copies to the payment office (Block 12 address).

I.307 *Packing List Instructions.* Copies of the MIRR may be used as a packing list. When they are used, the packing list copies shall be in addition to the copies of the MIRR required for distribution (I.401) and shall be marked "Packing List".

I.308 *Receiving Instructions.* When the MIRR is used for receiving purposes, procedures shall be as prescribed by local directives. If PQA and Acceptance or Acceptance of supplies is required upon arrival at destination, see Block 21B for instructions.

SUBPART 4—DISTRIBUTION OF DD FORM 250 AND DD FORM 250c

I.401 *Distribution.*

(a) Subject to the requirements of paragraph 217 of NASA Handbook 5330.7 (Management of Government Quality Assurance Functions for Supplier Operations), DD Form 250 and 250c shall be distributed in accordance with the procedures prescribed by the installation.

(b) The contractor will be responsible for distributing DD Form 250 and 250c in accordance with the provisions of the contract or the instructions of the contracting officer.

Appendix J Through L—[Reserved]

Appendix M—Retention Requirements for Contractor and Subcontractor Records

SUBPART 1—GENERAL

M.101 *General.*

(a) Contractors and subcontractors are required to retain and make available books, records, documents, and other supporting evidence required to satisfy contract negotiations, administration, and audit requirements of NASA and the Comptroller General of the United States. These requirements are prescribed by contract clauses.

(b) The general record retention requirements of these contract clauses are subject to the exceptions set forth in this appendix. The appendix identifies these exceptions and prescribes specific retention periods for them.

(1) Records are identified herein primarily in terms of their purpose or use and not by specific name of form number. The descriptive identifications may or may not conform to contractor usage or individual filing practices; but they are to apply to all records kept by the contractor which come within the description, regardless of contractor designation of such records. If two or more of the record categories described are interfiled and screening for disposal is not practical, the contractor or the subcontractor shall retain the entire record series for the longest period prescribed for any of the records.

(2) The prescribed retention periods for the records described in M.201 shall be calculated from the end of the contractor's fiscal year in which an entry is made charging or allocating a cost to a Government contract. Where there is a series of such entries involving a specific record, the retention period for that record shall be calculated from the end of the contractor's fiscal year in which the final entry is made. To apply these retention periods, the contractor or subcontractor should cut off the records in annual blocks and retain for block disposal in accordance with the prescribed retention periods under the related contract or subcontract. An exception to the foregoing starting time for the retention periods shall occur where records generated during a prior contract are relied upon by a contractor for cost and pricing data in negotiation of a succeeding contract, and the 2- and 4-year periods will run for those records from the date of the succeeding contract.

(c) The provision in this appendix shall not be construed as exempting the contractor from compliance with any applicable statute or other lawful requirement for the retention of records for longer periods than prescribed herein. If the contractor should retain records described in M.201 for longer periods because of justifiable purposes, such records shall be subject to the right of the Comptroller General to have access to and examine within the statutory periods provided in the contract clause.

M.102 *Retroactive Application.* The prescribed retention periods set forth in this appendix are applicable to all contractual record retention provisions in existence at the date of adoption of this appendix.

SUBPART 2—RETENTION REQUIREMENTS

M.201 *Retention Periods.* Contractors and subcontractors shall retain the records described in the contract or subcontract records clauses, and shall make them available to the Comptroller General of the United States, the Contracting Officer, or their authorized representatives, (i) until expiration of 3 years after final payment or, for certain records, for the period specified in this paragraph M.201, whichever expires earlier, and (ii) for whatever longer period, if any, is specified in the general requirements of the applicable contract or subcontract records clause.

M.201–1 *Financial and Cost Accounting Records.* Retain for the following periods, calculated as provided in M.101(b)(2):

(i) Accounts receivable invoices, adjustments to the accounts, invoice registers, shipping orders, carrier freight bills, or other documents which detail the material or services billed on the related invoices—Retain 4 Years.

(ii) Material, work order, or service order files, consisting of purchase requisitions or purchase orders for material or services, or orders for transfer of material or supplies—Retain 4 Years.

(iii) Cash advance recaps, prepared as posting entries to accounts receivable ledgers for amounts of expense vouchers prepared for employees' travel and related expenses—Retain 4 Years.

(iv) Paid, canceled, and voided checks, other than those issued for the payment of salary and wages—Retain 4 Years.

(v) Accounts payable records to support disbursements of funds for materials, equipment, supplies, and services, containing originals or copies of the following and related documents: remittance advices and statements, vendors' invoices, invoice audits and distribution slips, receiving and inspection reports or comparable certifications of receipt and inspection of material or services, and debit and credit memoranda—Retain 4 Years.

(vi) Labor cost distribution cards or equivalent documentation—Retain 2 Years.

(vii) Petty cash records showing description of expenditures, to whom paid, name of person authorizing payment, and date, including copies of vouchers and other supporting documents—Retain 2 Years.

M.201–2 *Pay Administration Records.* Retain for the following periods, calculated as provided in M.101(b)(2):

(i) Payroll sheets, registers, or their equivalent, of salaries and wages paid to individual employees for each payroll period; change slips; and tax withholding statements—Retain 4 Years.

(ii) Clock cards or other time and attendance cards—Retain 2 Years.

(iii) Paid checks, receipts for wages paid in cash, or other evidence of payments for services rendered by employees—Retain 2 Years.

M.201–3 *Procurement and Supplies Records.* Retain for the following periods, calculated as provided in M.101(b)(2):

(i) Stores requisitions for materials, supplies, equipment, and services—Retain 2 Years.

(ii) Work orders for maintenance and other services—Retain 4 Years.

(iii) Equipment records, consisting of equipment utilization and status reports and equipment repair orders—Retain 4 Years.

(iv) Expendable property records, reflecting accountability for the receipt and use of material in the performance of a contract—Retain 4 Years.

(v) Receiving and inspection report records, consisting of reports reflecting receipt and inspection of supplies, equipment, and material—Retain 4 Years.

(vi) Purchase order files for supplies, equipment, material, or services to be used in the performance of a contract or subcontract—Retain 4 Years.

(vii) Production records of quality control, reliability, and inspection—Retain 4 Years.

M.202 *Nonapplicability of Retention Requirements.* The retention periods in M.201 are not applicable to extra copies of documents or intermediate data records. These may be disposed as follows:

(a) Those duplicate copies of documents which are not required for Government purposes may be destroyed at any time, provided such copies do not contain significant information not shown on the retained record copies.

(b) Intermediate data records consisting of punched cards, electronic tape, or comparable media may be disposed of if printouts or listings are prepared and maintained showing the details of the transactions charged or allocated to individual Government contracts and identifying the supporting source documents.

GEORGE J. VECCHIETTI,
Director of Procurement, National Aeronautics and Space Administration.

AUGUST 10, 1971.

[FR Doc.71-11730 Filed 8-16-71;8:45 am]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket No. C-1950]

PART 13—PROHIBITED TRADE PRACTICES

Allied Builders Corp. et al.

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15–70 Financing activities; 13.15–225 Personnel or staff; 13.15–250 Qualifications and abilities; 13.15–270 Size and extent; 13.15–278 Time in business; § 13.155 *Prices:* 13.155–40 Exaggerated as regular and customary. Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055 *Furnishing means and instrumentalities of misrepresentation or deception.* Subpart—Misrepresenting one-self and goods—Business status, advantages or connections: § 13.1477 *Financing activities;* § 13.1520 *Personnel or staff;* § 13.1535 *Qualifications;* § 13.1555 *Size, extent or equipment;* Misrepresenting one-self and goods—Prices: § 13.1805 *Exaggerated as regular and customary.* Subpart—Securing orders by deception: § 13.2170 *Securing orders by deception.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Allied Builders Corp. et al., Los Angeles, Calif., Docket No. C-1950, June 28, 1971]

In the Matter of Allied Builders Corp., a Corporation, Construction Design-Allied Builders Systems, Inc., a Corporation, Doing Business as Allied Builders Systems, and Harold Hammerman, Individually, and as an Officer of Said Corporations

Consent order requiring two Los Angeles, Calif., sellers of home remodeling and other home improvements to cease misrepresenting that they are the largest and oldest home improvement firms in the country, that they can pass on savings to their customers, failing to disclose that work will be done by subcontractors, and making false claims in regard to respondents' franchisees and licensees.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, that respondents Allied Builders Corp., a corporation, and its officers, Construction Design-Allied Builders Systems, Inc., a corporation, doing business as Allied Builders Systems or any other trade name or names, and its officers, and Harold Hammerman, individually and as an officer of said corporations, and respondents' representatives, agents, employees, franchisees, and licensees directly or through any corporate or other device, in connection with the advertising, offering for sale, or sale of contracts for home improvements or any other products or services in commerce, and the advertising, offering for sale or sale of franchises and licenses in connection therewith in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

(1) Respondents are the largest home remodeling contractor in the nation or misrepresenting in any manner the size of respondents' business;

(2) Respondents are the oldest home remodeling contractor in the Nation or misrepresenting in any manner the date of organization of the corporate respondents or the length of time any of the respondents have been in the home remodeling business;

(3) Respondents have been in business for over 60 years or misrepresenting in any manner the age of respondents' business;

(4) Respondents' buying power allows them to buy materials at tremendous discounts or representing in any manner that respondents are able to purchase building materials or supplies for less than competitors;

(5) Respondents are able to pass savings on to the customers because they have buying power enabling them to buy materials at tremendous discounts or

representing in any manner that respondents are able to pass savings, discounts or any other benefits on to their customers by virtue of their ability to purchase building materials or supplies for less than their competitors;

(6) Respondents' representatives are not salesmen or misrepresenting their position or function with respondents in any other manner;

(7) Respondents' representatives are not in a prospective customer's home to sell the purchaser anything or misrepresenting in any manner the purpose for which respondents' representatives are in the prospective customer's home;

(8) Respondents' representatives are not on a commission basis;

(9) Work is performed exclusively or mainly by their own employees and not by subcontractors or failing to disclose to prospective purchasers whether the work to be done will be performed by employees of respondents or by independent subcontractors;

(10) Prospective purchasers can save $250, or any other amount, because two or more jobs are scheduled in the same neighborhood or misrepresenting in any manner the savings available to purchasers of respondents' goods or services;

(11) Respondents' franchisees and licensees are financially backed by the franchisor or licensor;

(12) Purchasers will enjoy a financial advantage that they would not otherwise enjoy by dealing with one of respondents' franchisees or licensees;

(13) Respondents' representatives are connected with another company and not affiliated with respondents' company and failing to reveal that salesmen calling upon prospective purchasers are in fact employees, representatives or salesmen of respondents;

(14) Respondents' franchisees or licensees will, or potentially will, earn or profit from the operation of one of respondents' franchises or licenses amounts in excess of those which have been regularly and customarily earned by respondents' other franchisees or licensees.

B. Placing in the hands of others the means or instrumentalities whereby they may mislead customers or prospective customers as to any of the matters or things prohibited by this order.

C. Failing to serve a copy of this order upon each present and every future licensee or franchisee and failing to obtain written acknowledgment of the receipt thereof; and from failing to obtain from each present and every future licensee or franchisee an agreement in writing (1) to abide by the terms of this order, and (2) to cancellation of their license or franchise for failure to so agree in writing.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued June 28, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD,
Acting Secretary.

[FR Doc.71-11923 Filed 8-16-71;8:55 am]

[Docket No. C-1953]

PART 13—PROHIBITED TRADE PRACTICES

Chatsworth Carpet and Rug Co., Inc., and Ruben F. Calfee

Subpart—Misbranding or mislabeling: § 13.1212 *Formal regulatory and statutory requirements:* 13.1212–80 Textile Fiber Products Identification Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: §13.1852 *Formal regulatory and statutory requirements:* 13.1852–70 Textile Fiber Products Identification Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46, Interpret or apply sec. 5, 38 Stat. 719, as amended, 72 Stat. 1717; 15 U.S.C. 45, 70) [Cease and desist order, Chatsworth Carpet and Rug Co., Inc., et al., Chatsworth, Ga., Docket No. C-1953, June 29, 1971]

In the Matter of Chatsworth Carpet and Rug Co., Inc., a Corporation, and Ruben F. Calfee, Individually and as an Officer of Said Corporation

Consent order requiring a Chatsworth, Ga., manufacturer of carpets to cease violating the Textile Fiber Products Identification Act by misbranding its carpets.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Chatsworth Carpet and Rug Co., Inc., a corporation, and its officers, and Ruben F. Calfee, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from misbranding such products by:

1. Failing to affix a stamp, tag, label, or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD,
Acting Secretary.

[FR Doc.71-11901 Filed 8-16-71;8:54 am]

[Docket No. C-1945]

PART 13—PROHIBITED TRADE PRACTICES

Chemway Corp.

Subpart—Advertising falsely or misleadingly: § 13.170 *Qualities or properties of product or service:* 13.170–52 Medicinal, therapeutic, healthful, etc.; 13.170–70 Preventive or protective.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Chemway Corp., Wayne, N.J., Docket No. C-1945, June 14, 1971]

In the Matter of Chemway Corp., a Corporation

Consent order requiring a Wayne, N.J., manufacturer of toothbrushes to cease misrepresenting that any of its toothbrushes will prevent infectious diseases of the oral cavity and using any chemical substance on its brushes unless it can adequately demonstrate that no harm to the user is involved.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That Chemway Corp., a corporation, and its officers, agents, representatives, and employees, directly or through any corporate or other device,

in connection with the advertising, offering for sale, sale or distribution of Dr. West's Germ Fighter toothbrush, or any other dental product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any such product is effective in the mitigation or prevention of infectious diseases of the oral cavity.

2. Incorporating phenylmercuric acetate or any other chemical substance onto any such product or selling any such substance unless respondent can show through adequate and well-controlled studies that use of the product in the ordinary and intended manner does not constitute a danger to the user.

It is further ordered, That respondent, Chemway Corp., instruct each of its direct customers that they have an opportunity to return their stock of Dr. West Germfighter Toothbrushes in exchange for an equal number of untreated brushes.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondent herein shall within sixty (60) days after the order becomes final, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

Issued: June 14, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11924 Filed 8-16-71;8:55 am]

[Docket No. C-1947]

PART 13—PROHIBITED TRADE PRACTICES

Community Hearing Center, Inc., and Edward J. McElroy

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15–195 Nature; § 13.70 *Fictitious or misleading guarantees;* § 13.170 *Qualities or properties of product or service:* 13.170–22 Corrective, Orthopedic, etc.; 13.170–52 Medicinal, therapeutic, healthful, etc.; § 13.205 *Scientific or other relevant facts.* Subpart—Misrepresenting one-self and goods—Business status, advantages, or connections: § 13.1490 *Nature;* Misrepresenting one-self and goods: § 13.-1647 *Guarantees;* § 13.1710 *Qualities or properties;* § 13.1740 *Scientific or other relevant facts.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Community Hearing Center, Inc., et al., Providence, R.I., Docket No. C-1947, June 17, 1971]

In the Matter of Community Hearing Center, Inc., a Corporation, and Edward J. McElroy, Individually and as an Officer of Said Corporation

Consent order requiring a Providence, R.I., seller and distributor of hearing aids to cease advertising that any hearing aid is a new invention, or making other claims without disclosing that some individuals will not be benefited, misrepresenting that its hearing aids are guaranteed, failing to disclose that the firm is selling hearing aids, and misrepresenting in any manner the purpose of the business or the efficacy of its products.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Community Hearing Center, Inc., a corporation, and Edward J. McElroy, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of hearing aids, do forthwith cease and desist from:

1. Disseminating, or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which represents directly or by implication that:

(a) They merchandise a hearing aid which is a new invention or involves a new mechanical or scientific principle.

(b) Their hearing aids will be beneficial to individuals with a hearing impairment unless in immediate conjunction therewith it is clearly and conspicuously disclosed that many individuals with a hearing impairment will not benefit from use of a hearing aid.

(c) They merchandise a hearing aid utilizing bone-conduction principles which will be beneficial to individuals with a hearing impairment, unless in immediate conjunction therewith it is clearly and conspicuously disclosed that many individuals with a hearing impairment will not benefit from use of a hearing aid utilizing bone-conduction principles.

(d) Their hearing aids will enable an individual with a hearing impairment to distinguish and understand sounds in group situations or when background noise is present, unless in immediate conjunction therewith it is clearly and conspicuously disclosed that many individuals with a hearing impairment will not receive such benefits from use of a hearing aid.

(e) Their hearing aids are either invisible or indiscernible when worn.

(f) Their hearing aids are guaranteed, unless in immediate conjunction therewith the identity of the guarantor, the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

(g) Their hearing aids are guaranteed, unless in all instances respondents fully, satisfactorily, and promptly perform all of their obligations and requirements under the terms of the guarantee.

2. Disseminating, or causing the dissemination of any advertisement by means of the U.S. mails, or by any means in commerce as "commerce" is defined in the Federal Trade Commission Act, which fails to clearly and conspicuously disclose that.

(a) The business of respondents is the sale of hearing aids to the public for a profit.

(b) Persons replying to respondents' advertisements will be contacted by salesmen, or otherwise, for the purpose of inducing them to purchase a hearing aid sold by respondents.

3. Misrepresenting in any manner:

(a) The nature and purpose of their business.

(b) The efficacy of their hearing aids.

4. Disseminating, or causing to be disseminated, by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of hearing aids in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in paragraph 1 of this order or which fails to comply with the affirmative requirements of paragraph 2 of this order.

5. Failing to deliver a copy of this order to cease and desist to all operating divisions of the corporate respondent and to all officers, managers and salesmen, both present and future, any other person now engaged or who becomes engaged in the sale of hearing aids as respondents' agent, representative or employee; and failing to secure a signed statement from each of said persons acknowledging receipt of a copy thereof.

6. Failing to notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporate respondent which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 17, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11925 Filed 8-16-71;8:55 am]

[Docket No. C-1944]

PART 13—PROHIBITED TRADE PRACTICES

Gamble-Skogmo, Inc.

Subpart—Combining or conspiring: § 13.425 *To enforce or bring about resale price maintenance.* Subpart—Cutting off access to customers or market: § 13.535 *Contracts restricting customers' handling of competing products.* Subpart—Maintaining resale prices: § 13.1145 *Discrimination:* 13.1145–45 In favor of price maintainers.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Gamble-Skogmo, Inc., Minneapolis, Minn., Docket No. C-1944, June 14, 1971]

In the Matter of Gamble-Skogmo, Inc., a Corporation

Consent order requiring a Minneapolis, Minn., national merchandising company to cease fixing and maintaining prices to be charged by one of its women's and children's ready-to-wear dealers and requiring them to handle only respondent's products.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

I. *It is ordered,* That respondent, Gamble-Skogmo, Inc., a corporation, its officers, and representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale or for consignment or in connection with the sale or consignment of any product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Entering into any agreement, combination, understanding, or conspiracy with any Mode O'Day dealer which fixes or maintains or has the effect of fixing or maintaining prices to be charged by Mode O'Day dealers for any product.

2. Entering into any agreement, combination, understanding, or conspiracy with any Mode O'Day dealer which requires or has the effect of requiring, any Mode O'Day dealer to purchase, distribute, or sell only products manufactured, sold or supplied by the respondent.

This order shall not prevent respondent from operating under fair trade agreements, where applicable and legal.

II. *It is further ordered,* That within forty-five (45) days from the issuance of this order that respondent shall notify each Mode O'Day dealer by letter that:

(1) He is free to obtain merchandise of the type customarily sold in women's and children's ready-to-wear stores from any source of his selection and to sell it in the same store in which Mode O'Day merchandise is sold; provided that the dealer shall identify such merchandise as non-Mode O'Day-supplied merchandise; and

(2) He is free to sell Mode O'Day products at any price he wishes; subject, only, to products being sold under any lawful fair trade program.

III. *It is further ordered,* That the respondent shall forthwith distribute a copy of this order to each of its operating divisions.

IV. *It is further ordered,* That respondent notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

V. *It is further ordered,* That respondent within sixty (60) days after the issuance of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this.

Issued: June 14, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11926 Filed 8-16-71;8:55 am]

[Docket No. C-1959]

PART 13—PROHIBITED TRADE PRACTICES

George Glassel and George Glassel Co.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, George Glassel et al., San Francisco, Calif., Docket No. C-1959, June 30, 1971]

In the Matter of George Glassel, Individually and Doing Business as George Glassel Co.

Consent order requiring a San Francisco, Calif., individual engaged in selling and distributing wearing apparel, including ladies' scarves, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent George Glassel, individually, and doing business as George Glassel Co., or under any other name, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondent notify all of his customers who have purchased or to whom have been delivered the products which gave rise to this complaint of the flammable nature of said products, and effect recall of said products from such customers.

It is further ordered, That the respondent herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondent herein shall within ten (10) days after service upon him of this order, file with the Commission a special report in writing setting forth the respondent's intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products, since October 16, 1969, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondent has in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondent shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondent herein shall within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11838 Filed 8-16-71;8:46 am]

[Docket No. C-1957]

PART 13—PROHIBITED TRADE PRACTICES

Goodyear Tire & Rubber Co. et al.

Subpart—Coercing and intimidating: § 13.350 *Customers or prospective customers.* Subpart—Combining or conspiring: § 13.410 *To eliminate competition in conspirators' goods*; § 13.475 *To restrict competition in buying.* Subpart—Cutting off access to customers or market: § 13.580 *Organizing and controlling seller suppliers.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, The Goodyear Tire & Rubber Company et al., New York, N.Y., Docket No. C-1957, June 29, 1971]

In the Matter of The Goodyear Tire & Rubber Co., a Corporation; The Firestone Tire & Rubber Co., a Corporation; Uniroyal, Inc., a Corporation; The B. F. Goodrich Co., a Corporation; and The General Tire & Rubber Co., a Corporation

Consent order requiring the Nation's five largest tire manufacturers with headquarters in New York City and Akron, Ohio, to cease refusing to sell special mileage commercial tires to any transit company, entering into any agreement with a transit company which does not contain certain enumerated options to alter the contract, selling such tires with the "buy-out" provision, and making any contract with a transit company for more than five (5) years; also each customer shall have the right to amend its contract to purchase all special mileage commercial tires it has in use, and each respondent shall publish and disseminate to the transit companies lists of prices for such tires.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

I. *It is ordered*, That respondents The Goodyear Tire & Rubber Co., a corporation; The Firestone Tire & Rubber Co., a corporation; Uniroyal, Inc. (formerly United States Rubber Co.), a corporation; The B. F. Goodrich Co., a corporation; and The General Tire & Rubber Co., a corporation; and each of said respondents and their respective officers, representatives, agents and employees, successors and assigns, directly or through any corporate or other device, in connection with the manufacture, distribution, supply and sale of special mileage commercial tires, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Refusing to sell special mileage commercial tires to a transit company.

(2) Entering into or extending any agreement for the supplying of special mileage commercial tires to a transit company, in which the payments received are based in any way upon the mileage run on said tires, which does not contain an option exercisable by the transit company upon thirty (30) days notice prior to the expiration date specified in said agreement as follows:

(a) The transit company shall have the right to extend the agreement and continue the use, and in that event the supplier shall continue its interest (if any be retained) in said tires, and if so extended, the agreement shall terminate in thirty-six (36) months, and

(b) Payment for such use shall not exceed the mileage rate formulae in effect during the 6-month period immediately preceding the expiration of the agreement, and

(c) The transit company shall continuously use such tires insofar as practicable on its highest-mileage runs, until they are rendered permanently unfit for service, and

(d) No additional tires are to be furnished by the supplier during such extension unless requested by the transit company and agreed to by the supplier, and

(e) Upon expiration of the agreement as so extended, the transit company shall pay for any mileage remaining computed in accordance with the formulae in paragraph I(2)(b) above.

(3) Entering into any rental agreement for the supply of special mileage commercial tires to a transit company which requires such company to purchase ("buy-out") any tires at the expiration thereof unless in accordance with the terms of paragraph I(2) above.

(5) Entering into any agreement of any kind to provide any transit company with its needs or requirements for special mileage commercial tires for a total period in excess of 5 years.

(5) Entering into any agreement of any kind with a transit company which does not contain a provision, if requested by the transit company, giving that company the right to test special mileage commercial tires other than the supplier's on five percent (5%) of its fleet.

II. *It is further ordered*, That each respondent, individually, shall within thirty (30) days from the date of issuance of this order, notify each transit company with which it then has an agreement for the supply of special mileage commercial tires that:

(1) The transit company shall have the right by notice to the respondent within ninety (90) days of the date of issuance of this order, to amend its agreement to provide that at the end of the term of the agreement, it may purchase and pay for any and all special mileage commercial tires then in use by:

(a) Calculating a cash purchase price for said tires by multiplying the mileage remaining by the mileage rate formulae in effect for the 6-month period immediately prior to the termination date, less any charge intended to cover costs for service which is not thereafter to be performed by respondent, and including credit for bonus mileage earned or to be earned, and

(b) Payment of the definite price established by paragraph II(1)(a) above by means of equal monthly payments over a maximum period of twenty-four (24) months or a number of months equal to two-thirds (⅔) of the average remaining life of such tires, whichever is less.

(2) All new agreements, including renewals of existing agreements, will be executed by the respondent in accordance with the provisions of this order.

(3) Respondent will not impose legal penalties or financial charges or costs of any kind upon any transit company because it exercises the rights granted by and complies with the conditions specified in paragraph II(1) above.

III. *It is further ordered*, That each respondent, individually, shall:

(1) Establish cash sales prices, exclusive of any present "buy-out" prices, for special mileage commercial tires, and publish and disseminate a list or lists of said prices to existing transit company customers, and to any transit company on request;

(2) Separately state to any transit company rates for service of its special mileage commercial tires whenever an offer is made to supply said service to that company; and

(3) Make available upon request, for purchase by any party, written material setting forth procedures for the proper use, maintenance and service of its special mileage commercial tires.

IV. *It is further ordered*, That each respondent shall, within thirty (30) days after the date of issuance of this order, notify each and every transit company with which such respondent has a contract, agreement or understanding for the sale or lease of special mileage commercial tires of this order by providing each of them with a copy.

It is further ordered, That each respondent shall, within ninety (90) days after the date of issuance of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied and is complying with each and every specific provision of this order, and the responses to the notices described in paragraph II above.

It is further ordered, That each respondent shall, between the 15th and 18th month after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied and is complying with each and every specific provision of this order.

It is further ordered, That each respondents and each of them notify the Commission at least thirty (30) days prior to any proposed change such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11897 Filed 8-16-71;8:53 am]

[Docket No. C-1958]

PART 13—PROHIBITED TRADE PRACTICES

Louis Greenberg & Son, Inc., et al.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Louis Greenberg & Son, Inc., et al., New York, N.Y., Docket No. C-1958, June 30, 1971]

In the Matter of Louis Greenberg & Son, Inc., a Corporation, and Samuel Greenberg and Aaron Greenberg, Individually and as Officers of Said Corporation

Consent order requiring a New York City importer and wholesaler of toys and novelty items, including leis, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Louis Greenberg & Son, Inc., a corporation, and its officers, and Samuel Greenberg and Aaron Greenberg, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or manufacturing for sale, selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as the terms "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to the complaint, of the flammable nature of said products and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products that gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since October 29, 1969 and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have, in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents, Louis Greenberg & Son, Inc., a corporation, and its officers, and Samuel Greenberg and Aaron Greenberg, individually and as officers of said corporation and respondents' representatives, agents, and employees through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of their products in commerce, as "commerce" is defined in Federal Trade Commission Act, do forthwith cease and desist from representing their products to be "flameproof" unless and until such products are flameproofed to such an extent that they will not ignite, burn, or glow.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11841 Filed 8-16-71;8:47 am]

[Docket No. C-1948]

PART 13—PROHIBITED TRADE PRACTICES

James W. Harrison and Interstate High School Press Association

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15-125 Individual or private business being: 13.15-125(a) Association; 13.15-125(u) Non-profit organization; 13.15-247 Publication services; § 13.55 *Demand, business or other opportunities;* § 13.75 *Free Goods or services;* § 13.110 *Endorsements, approval and testimonials.* Subpart—Using Misleading Name—Vendor: § 13.2395 *Individual or private business being association or guild.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, James W. Harrison et al., Denmark, S.C., Docket No. C-1948, June 24, 1971]

In the Matter of James W. Harrison, Individually and Trading as Interstate High School Press Association

Consent order requiring a Denmark, S.C., individual doing business as the Interstate High School Press Association to cease using any words implying that the respondent's business is nonprofit or affiliated with any press media, inducing the purchase of advertising by implying that he is aiding athletes, implying that the respondent is an association, misrepresenting that respondent's publications have the endorsement of many high school coaches, and misrepresenting that respondent's directories are distributed free to coaching staffs and public libraries.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondent James W. Harrison, individually, and trading as Interstate High School Press Association, or under any other name, and respondent's representatives, agents, and employees, directly or through any corporate or other device in connection with the soliciting, offering for sale or sale in commerce of advertising space in the athletic directory, "Who's Who in High School Athletics," or any other publication, whether published under that name or any other name, and in connection with the offering for sale, sale or distribution of said annual directory, or any other publication, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Press Association," or any other word or words of similar import or meaning, as a part of any corporate or trade name, or representing in any manner that respondent's business is a nonprofit concern, connected with the press media and affiliated with or approved by a nationally recognized high school athletic association; or misrepresenting, in any manner, the title or status of respondent's business.

2. Inducing or seeking to induce any business concern to purchase advertising space in or contribute to respondent's

publication by means of expressed or implied representations that respondent is a nationally recognized high school athletic association helping athletes of the various States.

3. Sending bills, letters or notices to any person or firm with regard to advertising space which is to be printed, inserted or published on behalf of said person or firm, or in any other manner seeking to exact payments for any such advertisement, without a bona fide order of agreement to purchase said advertisement.

4. Representing, directly or by implication, that respondent is an "association" composed of a committee which formulates policy and complies, verifies and evaluates informational data submitted by the various athletes nominated for publication in respondent's athletic directories.

5. Representing, directly or by implication, that a great demand exists or has existed for respondent's publication, "Who's Who in South Carolina High School Athletics," and that such demand prompted publication of respondent's expanded athletic directory; or misrepresenting, in any manner, the demand for respondent's publications.

6. Representing, directly or by implication, that respondent's athletic directories have the endorsement of many high school administrators, coaches and athletes because of the recognition given outstanding high school athletes not previously honored for their athletic achievements; or misrepresenting, in any manner, the endorsement of respondent's publications.

7. Representing, directly or by implication, that a high school athlete's participation in respondent's athletic annuals will greatly enhance the possibility of his receiving an athletic scholarship from a college; or misrepresenting, in any manner, the advantages to be gained by an athlete's appearance in respondent's publications.

8. Representing, directly or by implication, that athletes appearing in respondent's athletic publications are the Nation's top high school athletes.

9. Representing, directly or by implication, that copies of respondent's athletic directories are made available "free of charge" to college coaching staffs as well as public and high school libraries; or misrepresenting, in any manner, the distribution of respondent's publications.

It is further ordered, That the respondent notify the Commission at least thirty (30) days prior to any proposed change in respondent's business such as assignment or sale resulting in the emergence of a successor business, corporate or otherwise, the creation of subsidiaries, or any other change which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

Issued: June 24, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11927 Filed 8-16-71;8:55 am]

[Docket No. C-1963]

PART 13—PROHIBITED TRADE PRACTICES

I. C. Herman & Co., Inc., et al.

Subpart—Importing, selling or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, I. C. Herman & Co., Inc., et al., New York, N.Y., Docket No. C-1963, June 30, 1971]

In the Matter of I. C. Herman & Co., Inc., a Corporation, Doing Business Under Its Own Name and Under the Trade Name Robinson & Golluber, and Bertram Greenberg, and Sigmund Kleinman, Individually and as Officers of Said Corporation

Consent order requiring a New York City importer and manufacturer of women's and men's wearing apparel, including ladies' scarves and accessories, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents I. C. Herman & Co., Inc., a corporation, doing business under its own name and under the trade name Robinson & Golluber, and its officers, and Bertram Greenberg and Sigmund Kleinman, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to the complaint of the flammable nature of said products and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effects the recall of said products from customers, and of the results thereof, (4) any disposition of said products since September 14, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric or related material with this report.

It is further ordered, That respondends notify the Commission at least 30 days prior to any proposed change in the corporate respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11839 Filed 8-16-71; 8:46 am]

[Docket No. C-1962]

PART 13—PROHIBITED TRADE PRACTICES

India Nepal, Inc., et al.

Subpart—Importing, selling, or transporting flammable wear: §13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, India Nepal, Inc., et al., New York, N.Y., Docket No. C-1962, June 30, 1971]

In the Matter of India Nepal, Inc., a Corporation, and Murli P. Hathiramani, Also Known as P. H. Murli, Individually and as an Officer of Said Corporation

Consent order requiring a New York City importer and distributor of Indian-made goods, including ladies' scarves, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents India Nepal, Inc., a corporation, and its officers and Murli P. Hathiramani, also known as P. H. Murli, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to the complaint of the flammable nature of said products and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since April 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD,
Acting Secretary.

[FR Doc.71-11840 Filed 8-16-71;8:46 am]

[Docket No. C-1955]

PART 13—PROHIBITED TRADE PRACTICES

Kandel Knitting Mills, Inc., and Walter Kandel

Subpart—Importing, selling, or transporting flammable wear: § 13.1060—*Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Kandel Knitting Mills, Inc., et al., Portland, Oreg., Docket No. C-1955, June 29, 1971]

In the Matter of Kandel Knitting Mills, Inc., a Corporation, and Walter Kandel, Individually and as an Officer of Said Corporation

Consent order requiring a Portland, Oreg., manufacturer and distributor of various wool and textile fiber products, including scarves, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Kandel Knitting Mills, Inc., a corporation, and its officers and Walter Kandel, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric," or "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint of the flammable nature of said products, and effect recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (4) any disposition of said products since November 13, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the

Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have an inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11899 Filed 8-16-71;8:54 am]

[Docket No. C-1949]

PART 13—PROHIBITED TRADE PRACTICES

Ernest J. Krohse et al.

Subpart—Advertising falsely or misleadingly: § 13.70 *Fictitious or misleading guarantees;* § 13.105 *Individual's special selection or situation;* § 13.155 *Prices;* 13.155–10 *Bait;* 13.155–16 *Comparative;* 13.155–40 Exaggerated as regular and customary; § 13.157 *Prize contests;* § 13.240 *Special or limited offers;* § 13.260 *Terms and conditions.* Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055 *Furnishing means and instrumentalities of misrepresentation or deception.* Subpart—Misrepresenting oneself and goods—Goods: § 13.1647 *Guarantees;* § 13.1663 *Individual's special selection or situation;* § 13.705 *Prize contests;* § 13.1747 *Special or limited offers;* § 13.1760 *Terms and conditions;* 13.1760–50 Sales contract; Misrepresenting oneself and goods—Prices: § 13.1779 *Bait;* § 13.1785 *Comparative;* § 13.1805 *Exaggerated as regular and customary.* Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1892 *Sales contract, right-to-cancel provision;* § 13.1905 *Terms and conditions:* 13.-1905–50 Sales contract.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Ernest J. Krohse et al., Sioux Falls, S. Dak., Docket No. C-1949, June 25, 1971]

In the Matter of Ernest J. Krohse, an Individual, Trading and Doing Business as Ernie's Sewing Center, and Formerly Trading and Doing Business as Necchi Sewing Center of Sioux Falls

Consent order requiring a Sioux Falls, S. Dak., individual selling and distributing new and used sewing machines, vacuum cleaners and other products to cease conducting misleading contests, making deceptive pricing claims, misrepresenting guarantees, failing to maintain adequate records, using bait selling tactics, failing to disclose that a customer's note may be assigned to a finance company and using other unfair selling practices.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent Ernest J. Krohse, an individual, trading and doing business as Ernie's Sewing Center, and formerly trading and doing business as Necchi Sewing Center of Sioux Falls, or under any other trade name or names, and respondent's agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of sewing machines or other products or services in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that names of winners are obtained through drawings, contests or by chance when all of the names selected are not chosen by lot; or misrepresenting, in any manner, the method by which names are selected.

2. Representing directly or by implication, that a drawing or other type of game of chance is being conducted to determine a winner or winners of a prize or prizes, unless such drawing or other type of game of chance is in fact designed to select a winner or winners of a bona fide prize or prizes.

3. Representing, directly or by implication, that awards or prizes are of a certain value or worth when recipients thereof are not in fact benefited by or do not save the amount of the represented value of such awards or prizes.

4. Representing, directly or by implication, that any amount is respondent's usual and customary retail price for an article of merchandise, product or service when such amount is in excess of the price or prices at which such article of merchandise, product or service has been sold or offered for sale in good faith by respondent at retail for a reasonably substantial period of time in the recent, regular course of his business.

5. Representing, directly or by implication, that any savings, discount, credit or allowance is given purchasers as a reduction from respondent's selling price for a specified article of merchandise, product or service unless such selling price is the amount at which said article of merchandise, product or service has been sold or offered for sale in good faith by respondent at retail for a reasonably substantial period of time in the recent, regular course of his business.

6. Failing to maintain adequate records (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in paragraphs 3 through 5 of this order are based, and (b) from which the validity of any savings claims and comparative value claims, and similar representations of the type described in paragraphs 3 through 5 of this order can be determined.

7. Representing, directly or by implication, that an offer of any article of merchandise, product or service is, (a) limited in any other manner, unless such number of persons; or (c) restricted or limited in an yother manner, unless such represented limitations or restrictions were actually in force and in good faith adhered to.

8. Advertising or offering any products for sale for the purpose of obtaining leads or prospects for the sale of different products unless the advertised products are capable of adequately performing the function for which they are offered and respondent maintains an adequate and readily available stock of said products.

9. Disparaging in any manner or refusing to sell any product advertised.

10. Using any advertising, sales plan or procedure involving the use of false, deceptive or misleading statements or representations which are designed to obtain leads or prospects for the sale of other merchandise.

11. Representing, directly or by implication, that any products or services are offered for sale when such offer is not a bona fide offer to sell said products or services.

12. Using the word "automatic" or any other word or term of similar import or meaning to describe any sewing machine either in its entirety or as to its overall function or operation, or using any illustrations or depiction which represents that such a machine is automatic in its entirety or as to its overall function or operation: *Provided, however,* That nothing herein shall be construed to prohibit the use of the word or term "automatic" in describing a sewing machine's specific attachment or component or function thereof, which after activation and by self-operation, will perform without human intervention the mechanical function indicated.

13. Representing, directly or by implication, that respondent's products are guaranteed unless the nature, extent and duration of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith; and unless respondent does in fact promptly perform each of his obligations directly or impliedly represented under the terms of such guarantee.

14. Failing to disclose orally prior to the time of sale of any article of merchandise, product or service that an instrument of indebtedness executed by a purchaser may, at respondent's option and without notice to the purchaser, be discounted, negotiated or assigned to a finance company or other third party to which the purchaser will thereafter be indebted and against which the purchaser's claims or defenses may not be available.

15. Failing to incorporate the following statement on the face of all contracts involving credit extension executed by respondent's customers with such conspicuousness and clarity as is likely to be observed, read and understood by the purchaser:

IMPORTANT NOTICE

"If you are obtaining credit in connection with this contract, you may be required to sign a promissory note. This note may be purchased by a bank, finance company or any other third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled."

16. Contracting for any sale, whether in the form of a trade acceptance, conditional sales contract promissory note, or otherwise, which shall become binding on the buyer prior to midnight of the third day, excluding Sundays and legal holidays, after date of execution.

17. Placing in the hands of others any means or instrumentalities whereby they may mislead purchasers or prospective purchasers as to any of the matters or things prohibited by this order.

It is further ordered, That the respondent herein shall forthwith deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondent's merchandise, products or services, and shall secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That the respondent shall notify the Commission at least thirty (30) days prior to any proposed change in his business organization such as dissolution, assignment, incorporation or sale resulting in the emergence of a successor corporation or partnership or any other change which may effect compliance obligations arising out of this order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.

Issued: June 25, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11928 Filed 8-16-71;8:55 am]

[Docket No. C-1964]

PART 13—PROHIBITED TRADE PRACTICES

La Rose Handkerchief Co. et al.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, La Rose Handkerchief Co. et al., New York, N.Y., Docket No. C-1964, June 30, 1971]

In the Matter of La Rose Handkerchief Co., a Partnership, and George Abousleman and Madeline Abousleman, Individually and as Copartners trading as La Rose Handkerchief Co.

Consent order requiring a New York City importer and distributor of textile fiber products, including certain sheer lightweight scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents, La Rose Handkerchief Co., a partnership, and George Abousleman and Madeline Abousleman, individually and as copartners trading as La Rose Handkerchief Co., or under any other name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped in commerce, as "commerce," "product," "fabric," or "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material, fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the scarves which gave rise to this complaint of the flammable nature of such scarves and effect the recall of said scarves from said customers.

It is further ordered, That the respondents herein either process the scarves which gave rise to the complaint so as to bring them within the applicable flammability standards of the Flammable Fabrics Act, as amended, or destroy said scarves.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This interim report shall also advise the Commission fully and specifically concerning (1) the identity of the scarves which gave rise to the complaint, (2) the number of such scarves in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarves and effect the recall of said scarves from customers, and of the results of such actions, (4) any disposition of such scarves since November 13, 1970, and (5) any action taken or proposed to be taken to flameproof or destroy said scarves and the results of such action. Such report shall further inform the Commission whether respondents have in inventory any fabric, product, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or combinations thereof in a weight of 2 ounces or less per square yard, or having a raised fiber surface made of cotton or rayon or combinations thereof. Respondents shall submit samples of any such fabric, product or related material with this report. Samples of the fabric, product, or related material shall be of no less than one square yard of material.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11903 Filed 8-16-71;8:54 am]

[Docket No. C-1961]

PART 13—PROHIBITED TRADE PRACTICES

Modlin Fabrics, Inc., et al.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Modlin Fabrics, Inc., et al., New York, N.Y., Docket No. C-1961, June 30, 1971]

In the Matter of Modlin Fabrics, Inc., a Corporation, and Roy Modlin, Individually and as an Officer of said Corporation

Consent order requiring a New York City seller and distributor of fabrics, including a white cotton organdy designated as "Quality 9800," to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Modlin Fabrics, Inc., a corporation, and Roy Modlin, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from selling or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce any product, fabric, or related material; or manufacturing for sale, selling or offering for sale any product made of fabric or related material which has been shipped or received in commerce, an "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom has been delivered the fabric which gave rise to the complaint of the flammable nature of said fabric, and effect recall of said fabric from such customers.

It is further ordered, That the respondents herein either process the fabric which gave rise to the complaint so as to bring it into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the fabric which gave rise to the complaint, (2) the amount of said fabric in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said fabric and effect the recall of said fabric from customers and of the results thereof, (4) any disposition of said fabric since April 15, 1970, and (5) any action taken or proposed to be taken to bring said fabric into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton, or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11842 Filed 8-16-71;8:47 am]

[Docket No. C-1941]

PART 13—PROHIBITED TRADE PRACTICES

North American Philips Corp.

Subpart—Advertising falsely or misleadingly: § 13.245 *Specifications or standards conformance.* Subpart—Misrepresenting oneself goods—Goods. § 13.1595 *Condition of goods;* § 13.1608 *Dealer or seller assistance;* § 13.1720 *Quantity.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, North American Philips Corporation, New York City, Docket C-1941, June 8, 1971]

In the Matter of North American Philips Corp., a Corporation

Consent order requiring a New York City manufacturer and distributor of transistorized radios to cease overstating the number of transistors in its transistorized radios.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent North American Philips Corp., a corporation, and its officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with the manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, through the use of the terms transistor or "Solid State" that any radio set contains a specified number of transistors when one or more such transistors: (1) Are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection and amplification of radio signals. *Provided however*, That nothing herein shall be construed to prohibit in connection with a statement as to the actual transistor count (computed without inclusion of transistors which do not perform the functions of detection, amplification and reception of radio signals), a further statement to the effect that the sets in addition contain one or more transistors acting as diodes or performing auxiliary or other functions when such is the fact.

2. Misrepresenting, in any manner, the number of transistors in respondent's radio receiving sets and transceivers.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions engaged in the manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets and transceivers.

It is further ordered, That respondent notify the Commission at least (30) days prior to any proposed change in the corporate respondent relating to operating divisions or subsidiaries engaged in the manufacture, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation when any such change may affect compliance obligations arising out of this order.

It is further ordered, That the respondent herein shall within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Issued: June 8, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11929 Filed 8-16-71;8:55 am]

[Docket No. C-1954]

PART 13—PROHIBITED TRADE PRACTICES

Orange Coat Co. et al.

Subpart—Misbranding or mislabeling: § 13.1185 *Composition:* 13.1185-80 Textile Fiber Products Identification Act; 13.1185-90 Wool Products Labeling Act; § 13.1212 *Formal regulatory and statutory requirements;* 13.1212-80 Textile Fiber Products Identification Act; 13.1212-90 Wool Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition:* 13.1845-70 Textile Fiber Products Identification Act; § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-70 Textile

Fiber Products Identification Act; 13.-1852-80 Wool Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 72 Stat. 1717, secs. 2-5, 54 Stat. 1128-1130; 15 U.S.C. 45, 70, 68) [Cease and desist order, Orange Coat Co. et al., Bridgeport, Conn., Docket No. C-1954, June 29, 1971]

In the Matter of Orange Coat Co., a Partnership, and Bernhardt M. Wolfson, Irving Applebaum, and Harry Schwartz, Individually and as Copartners Trading as Orange Coat Co.

Consent order requiring a Bridgeport, Conn., manufacturer of ladies' coats to cease misbranding its textile fiber products and wool products and failing to maintain adequate records.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Orange Coat Co., a partnership, and Bernhardt M. Wolfson, Irving Applebaum, and Harry Schwartz, individually and as copartners trading as Orange Coat Co. or under any other name or names, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising, or offering for sale in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product, which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such products as to the name or amount of the constituent fibers contained therein.

2. Failing to affix labels to such textile fiber products showing in a clear, legible and conspicuous manner each element of information required to be disclosed by section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve for at least 3 years proper records showing the fiber content of textile fiber products manufactured by them, as required by section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations promulgated thereunder.

It is further ordered, That respondents Orange Coat Company, a partnership, and Bernhardt M. Wolfson, Irving Applebaum, and Harry Schwartz, individually and as copartners trading as Orange Coat Co. or under any other name or names, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to or place on, each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents Orange Coat Company, a partnership, and Bernhardt M. Wolfson, Irving Applebaum, and Harry Schwartz, individually and as copartners trading as Orange Coat Co. or under any other name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale and distribution of ladies' coats or any other products do forthwith cease and desist from failing to disclose the presence of a foam backing or of any other substance or material in the said coats or products which might tend to mislead a purchaser as to the weight of the outer or shell fabric of the coats or products.

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11900 Filed 8-16-71;8:54 am]

[Docket No. 8779 o]

PART 13—PROHIBITED TRADE PRACTICES

Papercraft Corp.

Subpart—Acquiring corporate stock or assets: § 13.5 *Acquiring corporate stock or assets.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 7, 38 Stat. 731, as amended; 15 U.S.C. 18) [Cease and desist order, The Papercraft Corp., Pittsburgh, Pa., Docket No. 8779, June 30, 1971]

In the Matter of The Papercraft Corp., a Corporation

Order requiring a major manufacturer and distributor of gift wrapping paper and ribbons with headquarters in Pittsburgh, Pa., to divest itself of all assets and properties of CPS Industries, Inc., a Chicago, Ill., gift wrapping firm, and for ten (10) years not to acquire any distributor of gift wrapping without prior approval of the Federal Trade Commission, and not to sell to a customer of CPS Industries, Inc., for a period of three (3) years unless it has sold to such customer prior to December 27, 1967.

The order to cease and desist, is as follows:

I. *It is ordered,* That respondent, The Papercraft Corp., a corporation, and its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors, and assigns, within six (6) months from the date of service upon it of this order, shall divest, absolutely and in good faith, subject to the approval of the Federal Trade Commission, all assets, properties, rights and privileges, tangible and intangible, including, but not limited to, all plants, equipment, machinery, inventory, customer lists, trade names, trademarks and goodwill, acquired by The Papercraft Corp. as a result of its acquisition of CPS Industries, Inc., together with all additions and improvements thereto, of whatever description, made since the acquisition.

II. *It is further ordered,* That none of the assets, properties, rights or privileges described in paragraph I of this order shall by such divestiture be transferred, directly or indirectly, to any person who is at the time of the divestiture an officer, director, employee, or agent of, or under the control or direction of, respondent or any of respondent's subsidiary or affiliated corporations, or owns or controls, directly or indirectly, more than one (1) percent of the outstanding shares of The Papercraft Corp., or to anyone who is not approved in advance by the Federal Trade Commission.

III. If respondent divests the assets, properties, rights and privileges, described in paragraph I of this order, to a new corporation or corporations, the stock of each of which is wholly owned by The Papercraft Corp., and if respondent then distributes all of the stock in said corporation or corporations to the stockholders of The Papercraft Corp., in proportion to their holdings of The Papercraft Corp. stock, then paragraph II of this order shall be inapplicable, and the following paragraphs IV and V shall take force and effect in its stead.

IV. No person who is an officer, director, or executive employee of The Papercraft Corp., or who owns or controls, directly or indirectly, more than one (1) percent of the stock of The Papercraft Corp., shall be an officer, director, or executive employee of any new corporation or corporations described in paragraph III, or shall own or control, directly or indirectly, more than one (1) percent of the stock of any new corporation or corporations described in paragraph III.

V. Any person who must sell or dispose of a stock interest in The Papercraft Corp., or the new corporation or corporations, described in paragraph III, in order to comply with paragraph IV of this order may do so within six (6) months after the date on which distribution of the stock of the said corporation or corporations is made to stockholders of The Papercraft Corp.

VI. *It is further ordered,* That no method, plan or agreement of divestiture to comply with this order shall be adopted or implemented by respondent save upon such terms and conditions as shall first be approved by the Federal Trade Commission.

VII. *It is further ordered,* That pending divestiture, respondent shall not make or permit any deterioration in any of the plants, machinery, buildings, equipment, or other property or assets of the company to be divested which may impair its present capacity or market value, unless such capacity or value is restored prior to divesture.

VIII. *It is further ordered,* That for a period of ten (10) years from the date of service of this order upon it respondent shall not acquire, directly or indirectly, through subsidiaries, joint ventures or otherwise, without the prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital or assets of any concern engaged in the manufacture, production, sale or distribution of any decorative gift wrap product, nor shall respondent enter into any arrangement with any such concern by which respondent obtains the market share, in whole or in part, of such concern.

IX. *It is further ordered,* That for a period of three (3) years from the date of divestiture The Papercraft Corp. is prohibited from selling any decorative gift wrap products to any customer account which at any time has been sold any decorative gift wrap products by CPS Industries, Inc., unless such customer account was sold such decorative gift wrap products by The Papercraft Corp. prior to December 27, 1967.

X. As used in this order, the acquisition of assets includes any arrangement by the Papercraft Corp. with any other party, pursuant to which such other party discontinues manufacturing any of the products described in paragraph VIII of this order under a brand name or label owned by such other party and thereafter distributes any of said products under any of Papercraft's brand names or labels.

XI. As used in this order, the word "person" shall include all members of the immediate family of the individual specified and shall include corporations, partnerships, associations, and other legal entities as well as natural persons.

By order of the Commission further order adopting order of the initial decision is as follows: [1]

It is ordered, That respondent Papercraft Corp.'s exceptions to the hearing examiner's initial decision be, and they hereby are, denied;

It is further ordered, That the examiner's findings of fact and conclusions of law, as modified and supplemented herein, be, and they hereby are, adopted as the findings and conclusions of the Commission, and that the examiner's order be, and it hereby is, adopted as the order of the Commission.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11896 Filed 8-16-71;8:53 am]

[Docket No. C-1951]

PART 13—PROHIBITED TRADE PRACTICES

Phyllis Ann Novelty Co. and Nathan J. Fox

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Phyllis Ann Novelty Co. et al., Dallas, Tex., Docket No. C-1951, June 29, 1971]

In the Matter of Phyllis Ann Novelty Co., a Corporation, and Nathan J. Fox, individually and as an Officer of Said Corporation

Consent order requiring a Dallas, Tex., seller and distributor of women's wearing apparel, including scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Phyllis Ann Novelty Co., a corporation, and its officers and Nathan J. Fox, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material, as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to the complaint, of the flammable nature of said products, and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into compliance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the product which gave rise to the complaint, (2) the number of said products in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products and of the results thereof, (4) any disposition of said products since August 25, 1970, and (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any products, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That the respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation

[1] The "Initial Decision" of the hearing examiner and the "Findings as to the Facts, Conclusions and Order" of the Commission filed as part of the original document; copies may be obtained at Federal Trade Commission Building, Room 130, Sixth and Pennsylvania Avenue NW.

which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11930 Filed 8-16-71;8:55 am]

[Docket No. C-1960]

PART 13—PROHIBITED TRADE PRACTICES

Rocklyn Textile Corp. and Joseph H. Nadboy

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Rocklyn Textile Corp. et al., New York, N.Y., Docket No. C-1960, June 30, 1971]

In the Matter of Rocklyn Textile Corp., a Corporation, and Joseph H. Nadboy, Individually and as an Officer of Said Corporation

Consent order requiring a New York City wholesaler and distributor of textiles, including pieces or bolts of fabric, to cease violating the Flammable Fabrics Act by importing or selling any fabric which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That the respondents Rocklyn Textile Corp., a corporation, and its officers, and Joseph H. Nadboy, individually and as an officer of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for instruction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom has been delivered the fabric which gave rise to this complaint, of the flammable nature of said fabric and effect the recall of said fabric from such customers.

It is further ordered, That the respondents herein either process the fabric which gave rise to the complaint so as to bring it into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intention as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the fabric which gave rise to the complaint, (2) the amount of said fabric in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said fabric and effect the recall of said fabric from customers, and of the results thereof, (4) any disposition of said fabric since April 1970, and (5) any action taken or proposed to be taken to bring said fabric into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. Respondents shall submit samples of not less than 1 square yard in size of any such product, fabric, or related material with this report.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11843 Filed 8-16-71;8:47 am]

[Docket No. C-1946]

PART 13—PROHIBITED TRADE PRACTICES

Ron-El Builders, Inc., and Elliotte L. Greenberg

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* 13.15-205 Offices in principal cities; 13.15-235 Producer status of dealer or seller: 13.15-235(m) Manufacturer; § 13.70 *Fictitious or misleading guarantees;* § 13.71 *Financing:* 13.71-10 Truth in Lending Act; § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act; § 13.105 *Individual's special selection or situation;* § 13.155 *Prices:* 13.155-10 *Bait;* 13.155-33 *Demonstration reduction;* 13.155-95 Terms and conditions: 13.155-95(a) Truth in Lending Act; 13.155-10 Usual as reduced, special, etc.; § 13.260 *Terms and conditions.* Subpart—Misrepresenting oneself and goods—Business status, advantages or connections: § 13.1530 *Producer status of dealer;* Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; § 13.1647 *Guarantees;* § 13.1663 *Individual's special selection or situation;* § 13.1760 *Terms and conditions;* Misrepresenting oneself and goods—Prices: § 13.1779 *Bait;* § 13.1800 *Demonstration reductions;* § 13.1825 *Usual as reduced or to be increased.* Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-75 Truth in Lending Act; § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, Ron-El Builders, Inc. et al., Pittsburgh, Pa., Docket No. C-1946, June 15, 1971]

In the Matter of Ron-El Builders, Inc., a Corporation, and Elliotte L. Greenberg, Individually and as an Officer of Said Corporation

Consent order requiring Pittsburgh, Pa., sellers and distributors of home improvements, including residential siding, to cease using bait advertising, false pricing claims, deceptively guaranteeing its work, and making other false representations; respondents are also required to cease violating the Truth in Lending Act by failing to disclose the annual percentage rate, the amount financed, the

deferred payment price, the total of payments, and other disclosures required by Regulation Z of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Ron-El Builders, Inc., a corporation, and its officers, and Elliotte L. Greenberg, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any coroporate or other device, in connection with the advertising, offering for sale, sale or distribution or installation of home improvements, including residential siding, or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using, in any manner a sales plan, scheme or device wherein false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of other merchandise or services.

2. Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at higher prices.

3. Discouraging the purchase of or disparaging any merchandise or services which are advertised or offered for sale.

4. Representing, directly or by implication, that any merchandise or services are offered for sale when such offer is not a bona fide offer to sell such merchandise or services.

5. Representing, directly or by implication, that any price for respondents' products and installations is a special or reduced price, unless such price constitutes a significant reduction from an established selling price at which such products and installations have been sold in substantial quantities by respondents in the recent regular course of their business; or misrepresenting, in any manner, the savings available to purchasers.

6. Failing to maintain adequate records (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in paragraph five of this order are based, and (b) from which the validity of any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in paragraph five of this order can be determined.

7. Representing, directly or by implication, that the home of any of respondents' customers, or prospective customers, has been selected to be used or will be used as a model home, or otherwise, for advertising purposes.

8. Representing, directly or by implication, that any allowance, discount or commission is granted by respondents to purchasers in return for permitting the premises on which respondents' products are installed to be used for model homes or demonstration purposes.

9. Representing, directly or by implication, that any of respondents' products and installations are guaranteed unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed; and unless respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee.

10. Representing, directly or by implication, that respondents operate or maintain business offices in Toronto, Ohio or Allison Park, Pa., or any other locality where such offices are not actually open and fully operative; or misrepresenting, in any manner, the size or extent of respondents' business.

11. Representing, directly or by implication, that respondents manufacture any of the home improvement products which they sell and install, or that respondents sell their home improvement products directly from their factory; or misrepresenting, in any manner, the nature or scope of respondents' business.

12. Inducing or causing purchasers or prospective purchasers of respondents' products or services to sign blank or partially filled in completion certificates or other legal instruments or documents; or misrepresenting, in any manner, the true nature or effect of such documents.

13. Assigning, selling or otherwise transferring respondents' notes, contracts or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

14. Failing to include the following statement clearly and conspicuously on the face of any note, contract or other instrument of indebtedness executed by or on behalf of respondents' customers:

NOTICE

"Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding."

It is further ordered, That respondents Ron-El Builders, Inc., a corporation, and its officers, and Elliotte L. Greenberg, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.), do cease and desist from:

1. Failing to disclose the annual percentage rate computed to the nearest quarter of 1 percent in accordance with § 226.5(b)(1) of Regulation Z, as required by § 226.8(b)(2) of Regulation Z.

2. Failing to disclose accurately the sum of the unpaid balance of cash price and all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, and to describe that sum as the "amount financed", as required by § 226.8(c)(7) of Regulation Z.

3. Failing to disclose accurately the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge and to describe that sum as the "deferred payment price", as required by § 226.8(c)(8)(iii) of Regulation Z.

4. Failing to disclose accurately the sum of all charges required by § 226.4 of Regulation Z, and to describe that sum as the "finance charge", as required by § 226.8(c)(8)(i) of Regulation Z.

5. Failing to disclose the identity of the creditor, as required by § 226.8(a) of Regulation Z.

6. Failing to disclose the number, amount and due dates or periods of repayment scheduled to repay the indebtedness, as required by § 226.8(b)(3) of Regulation Z.

7. Failing to disclose accurately the sum of the payments scheduled to repay the indebtedness and to describe that sum as the "total of payments", as required by § 226.8(b)(3) of Regulation Z.

8. Failing to disclose the cost of credit life insurance purchased by the customer, and failing to obtain a separate signed and dated statement that the customer desires to purchase credit life insurance, when not required by the creditor, as required by § 226.4(a)(5)(ii) of Regulation Z.

9. Failing to maintain evidence of compliance with Regulation Z for 2 years after the date of each disclosure, as required by § 226.6(i) of Regulation Z.

10. Failing to describe the type of any security interest retained in property in connection with any credit sale, and to describe or identify the property to which that security interest relates as required by § 226.8(b)(5) of Regulation Z.

11. Failing to provide each customer who has the right to rescind a credit sale with two copies of the notice prescribed by § 226.9(b) of Regulation Z, as required by that section.

12. Making any physical changes in the property of the customer who has the right to rescind, or performing work on premises for any customer who has the right to rescind, before expiration of the rescission period, as required by § 226.9 (c) of Regulation Z.

13. Failing, in any consumer credit transaction or advertisement, to make all disclosures determined in accordance with §§ 226.4 and 226.5 of Regulation Z in the manner, form and amount required by §§ 226.6, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents herein shall, within 60 days after service upon them of this order, deliver notice of right to rescind, in the number, manner and form set forth in § 226.9(b) of Regulation Z, to each customer who purchased products from respondents on or after July 1, 1969, in any credit transaction in which the respondents have retained or acquired or will retain or acquire a security interest in real property

which is used or is expected to be used as the customer's principal place of residence.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale or sale of respondents' products or services, in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging the receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 15, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11931 Filed 8-16-71;8:55 am]

[Docket No. C-1965]

PART 13—PROHIBITED TRADE PRACTICES

Rosen Bros. Textile Corp. et al.

Subpart—Misbranding or mislabeling: § 13.1185 *Composition:* 13.1185-90 Wool Products Labeling Act; § 13.1212 *Formal regulatory and statutory requirements:* 13.1212-90 Wool Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition:* 13.1845-80 Wool Products Labeling Act; § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-80 Wool Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, secs. 2-5, 54 Stat. 1128-1130; 15 U.S.C. 45, 68) [Cease and desist order, Rosen Bros. Textile Corp. et al., New York, N.Y., Docket No. C-1965, June 30, 1971]

In the Matter of Rosen Bros. Textile Corp., a Corporation, and Philip Rosen, Individually and as an Officer of Said Corporation, and Morris Rosen, Individually and as an Officer of Said Corporation

Consent order requiring a New York City importer and wholesaler of woolen fabrics to cease misbranding such wool products.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Rosen Bros. Textile Corp., a corporation, and its officers, and Philip Rosen and Morris Rosen, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

A. Misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.

2. Failing to securely affix to, or place on, each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by section 4(a)(2) of the Wool Products Labeling Act of 1939.

3. Failing to affix labels to samples, swatches or specimens of wool products used to promote or effect the sale of wool products, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: June 30, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11902 Filed 8-16-71;8:54 am]

[Docket No. C-1943]

PART 13—PROHIBITED TRADE PRACTICES

S & R Used Cars, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.71 *Financing:* 13.71-10 Truth in Lending Act; § 13.73 *Formal regulatory and statutory requirements:* 13.73-92 Truth in Lending Act; § 13.155 *Prices:* 13.155-95 *Terms and Conditions:* 13.155-95(a) Truth in Lending Act. Subpart—Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623-95 Truth in Lending Act; Misrepresenting oneself and goods—Prices: § 13.1823 *Terms and conditions:* 13.1823-20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements:* 13.1852-75 Truth in Lending Act; § 13.1905 *Terms and conditions:* 13.1905-60 Truth in Lending Act;

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601-1605) [Cease and desist order, S & R Used Cars Inc., et al., Washington, D.C., Docket No. C-1943, June 8, 1971]

In the Matter of S & R Used Cars Inc., a Corporation Doing Business as General Car & Wagon Sales, and Samuel J. Battista, Individually and as an Officer of Said Corporation

Consent order requiring a Washington, D.C., seller of used automobiles to cease violating the Truth in Lending Act by failing to disclose on installment contracts the terms cash price, cash downpayment, unpaid balance, amount financed, and deferred payment price, failing to itemize the charge for property insurance, and failing to make the disclosure required by Regulation Z of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents S & R Used Cars Inc., a corporation, doing business as General Car & Wagon Sales or under any other name, and its officers, and Samuel J. Battista, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.), do forthwith cease and desist from:

1. Failing to disclose accurately the amount of the cash price or failing to describe that amount as "cash price", as required by § 226.8(c)(1) of Regulation Z.

2. Failing to disclose accurately the amount of any downpayment or failing to describe that amount as the "cash downpayment", as required by § 226.8(c)(2) of Regulation Z.

3. Failing to disclose accurately the amount of the difference between the cash price and the cash downpayment, or failing to describe that difference as the "unpaid balance of cash price", as required by § 226.8(c)(3) of Regulation Z.

4. Failing to disclose accurately the amount of the unpaid balance or failing to describe that amount as the "unpaid

balance", as required by § 226.8(c)(5) of Regulation Z.

5. Failing to disclose accurately the amount financed or failing to describe that amount as the "amount financed", as required by § 226.8(c)(7) of Regulation Z.

6. Failing to disclose accurately the amount of the deferred payment price or failing to describe that amount as the "deferred payment price", as required by § 226.8(c)(8)(ii) of Regulation Z.

7. Failing to disclose the annual percentage rate, accurate to the nearest quarter of 1 percent, computed in accordance with the provisions of § 226.5 of Regulation Z, as required by § 226.8(b)(2) of Regulation Z.

8. Failing to disclose accurately the due dates and periods of payments scheduled to repay the indebtedness, as required by § 226.8(b)(3) of Regulation Z.

9. Failing to separately itemize and to disclose as part of the finance charge the amount of any charge for property insurance written in connection with the transaction unless a clear, conspicuous, and specific statement in writing is furnished to the customer setting forth the cost of the insurance if obtained from or through the creditor and stating that the customer may choose the person through which the insurance is to be obtained, in accordance with § 226.4(a)(6) of Regulation Z, as required by § 226.8(c)(8)(i) of Regulation Z.

10. Failing to disclose the finance charge accurately, computed in accordance with § 226.4 of Regulation Z, as required by § 226.8(c)(8)(i) of Regulation Z.

11. Failing to disclose accurately in any advertisement the "annual percentage rate" or "deferred payment price", as required by § 226.10(d)(2) of Regulation Z.

12. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with §§ 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by §§ 226.6, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale, or sale of any products or in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the respondents shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 8, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11932 Filed 8-16-71;8:55 am]

[Docket No. C-1956]

PART 13—PROHIBITED TRADE PRACTICES

Joseph Spiegelman and Jomac Lace & Embroidery Co.

Subpart—Importing, selling, or transporting flammable wear: § 13.1060 *Importing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Joseph Spiegelman et al., New York, N.Y., Docket No. C-1956, June 29, 1971]

In the Matter of Joseph Spiegelman, an Individual Trading as Jomac Lace and Embroidery Co.

Consent order requiring a New York City individual trading as the Jomac Lace & Embroidery Co. to cease violating the Flammable Fabrics Act by importing or selling any fabric, including lace, which fails to conform to the standards of said Act.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent Joseph Spiegelman, an individual trading as Jomac Lace & Embroidery Co., or under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling or offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported, in commerce, or selling or delivering after sale or shipment in commerce any product, fabric, or related material; or selling, or offering for sale, any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondent notify all of his customers who have purchased or to whom has been delivered the fabric which gave rise to this complaint of the flammable nature of said fabric, and effect recall of said fabric from such customers.

It is further ordered, That the respondent herein either process the fabric which gave rise to the complaint so as to bring it into conformance with the applicable standard of flammability under the Flammable Fabrics Act as amended, or destroy said fabric.

It is further ordered, That the respondent herein shall, within ten (10) days after service upon him of this order, file with the Commission a special report in writing setting forth the respondent's intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the fabric which gave rise to the complaint, (2) the amount of said fabric in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said fabric and effect the recall of said fabric from customers, and of the results thereof, (4) any disposition of said fabric since April 3, 1970, and (5) any action taken or proposed to be taken to bring said fabric into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said fabric, and the results of such action. Such report shall further inform the Commission as to whether or not respondent has in inventory any product, fabric, or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of 2 ounces or less per square yard, or any product, fabric or related material having a raised fiber surface. The respondent shall submit samples of not less than 1 square yard in size of any such product, fabric or related material with this report.

It is further ordered, That respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71-11898 Filed 8-16-71; 8:54 am]

[Docket No. C-1952]

PART 13—PROHIBITED TRADE PRACTICES

Paul E. Welch and Welch Carpet Mill

Subpart—Misbranding or mislabeling: § 13.1185 *Composition*: 13.1185-80 Textile Fiber Products Identification Act; § 13.1212 *Formal regulatory and statutory requirements*: 13.1212-80 Textile Fiber Products Identification Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition*: 13.1845-70 Textile Fiber Products Identification Act; § 13.1852

Formal regulatory and statutory requirements: 13.1852–70 Textile Fiber Products Identification Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 72 Stat. 1717; 15 U.S.C. 45, 70) [Cease and desist order, Paul E. Welch et al., Spring Place, Ga., Docket No. C–1952, June 29, 1971]

In the Matter of Paul E. Welch, an Individual Trading as Welch Carpet Mill

Consent order requiring a Spring Place, Ga., individual trading as the Welch Carpet Mill to cease misbranding and failing to maintain proper records on his textile fiber products, namely carpeting.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent Paul E. Welch, an individual trading as Welch Carpet Mill or any other name and respondent's representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding such textile fiber products by failing to affix a stamp, tag, label, or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve proper records showing the fiber content of the textile fiber products manufactured by said respondent, as required by section 6 of the Textile Fiber Products Identification Act and Rule 39 of the regulations promulgated thereunder.

It is further ordered, That respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

Issued: June 29, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71–11934 Filed 8–16–71;8:56 am]

[Docket No. C–1942]

PART 13—PROHIBITED TRADE PRACTICES

York Radio Corp. and Morris Feldman

Subpart—Advertising falsely or misleadingly: § 13.245 *Specifications or standards conformance.* Subpart—Misrepresenting oneself and goods—Goods: § 13.1595 *Condition of goods;* § 13.1608 *Dealer or seller assistance;* § 13.1720 *Quantity.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, York Radio Corp. et al., South Hackensack, N.J., Docket No. C–1942, June 8, 1971]

In the Matter of York Radio Corp., a Corporation, Morris Feldman, Individually and as an Officer of Said Corporation

Consent order requiring a South Hackensack, N.J., importer and distributor of imported transistorized radios from foreign manufacturers to cease overstating the number of transistors in its transistorized radios.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent York Radio Corp., a corporation, and its officers, and Morris Feldman, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the manufacturing, advertising, offering for sale, sale or distribution of radio receiving sets, including transceivers, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, through the use of the terms transistor or "Solid State" or any other word or phrase that any radio set contains a specified number of transistors when one or more such transistors: (1) Are dummy transistors; (2) do not perform the recognized and customary functions of radio set transistors in the detection, amplification and reception of radio signals; or (3) are used in parallel or cascade applications which do not improve the performance capabilities of such sets in the reception, detection, and amplification of radio signals: *Provided however*, That nothing herein shall be construed to prohibit in connection with a statement as to the actual transistor count (computed without inclusion of transistors which do not perform the functions of detection, amplification and reception of radio signals), a further statement to the effect that the sets in addition contain one or more transistors acting as diodes or performing auxiliary or other functions when such is the fact.

2. Misrepresenting, in any manner, the number of transistors or other components in respondents' products or the functions of any such component.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondent corporation notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Issued: June 8, 1971.

By the Commission.

[SEAL] PAUL M. TRUEBLOOD, *Acting Secretary.*

[FR Doc.71–11933 Filed 8–16–71;8:56 am]

Proposed Rule Making

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[43 CFR Parts 2090, 2200]

PUBLIC LAND EXCHANGES

Segregative Effect of Applications for Exchange

The purpose of this amendment is to clarify a discrepancy in the regulations regarding the segregative effect of exchange applications. A discrepancy was present in the regulations in effect on January 1, 1970. This was not properly corrected in the redesignation of June 13, 1970, in order to follow proposed rule making procedures. The January 1, 1970, regulations provided in § 2244.1–2(h) that the filing of such applications segregates the selected public lands to the extent that they are not subject to appropriation under the land laws, including the mining laws. Section 2013.2–4, headed "For State Exchange", provided for segregation against applications, allowance of which is discretionary. The proposed amendment is to restore to the regulations in a consistent manner the language of former § 2244.1–2(h).

In accordance with the Department's policy on public participation in rule making (36 F.R. 8336), interested parties may submit written comments, suggestions, or objections with respect to the proposed rules to the Director (210), Bureau of Land Management, Washington, D.C. 20240 until September 15, 1971.

1. Section 2091.2–3 of Subpart 2091 is revised to read as follows:

§ 2091.2–3 Exchange.

The filing of a valid formal application for exchange under the regulations of Group 2200 of this chapter will segregate the selected public lands to the extent that they will not be subject to appropriation under the public land laws, including the mining laws. Any subsequently tendered application, allowance of which is discretionary, will not be accepted, will not be considered as filed, and will be returned to the applicant. The segregative effect of the application on the lands covered by the recall or rejection of an exchange application will terminate at 10 a.m. on the 30th day from and after the date a notice of the recall or rejection of the application is first posted in the land office having jurisdiction over the lands.

2. Section 2202.5 of Subpart 2202 is revised to read as follows:

§ 2202.5 Segregation upon application.

The filing of a valid formal application for exchange will segregate the selected public lands as provided in § 2091.2–3 of this chapter.

MITCHELL MELICH,
Acting Secretary of the Interior.

AUGUST 9, 1971.

[FR Doc.71–11847 Filed 8–16–71;8:47 am]

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[14 CFR Part 71]

[Airspace Docket No. 71–EA–88]

CONTROL ZONES AND TRANSITION AREA

Proposed Alteration

Correction

In F.R. Doc. 71–11379 appearing in the issue for Saturday, August 7, 1971, at page 14657, in the third line of the description of the Norfolk, Va., transition area the reference to "37°10'30"" should read "37°10'35"".

FEDERAL POWER COMMISSION

[18 CFR Parts 4, 131]

[Docket No. R–426]

WATER QUALITY STANDARD CERTIFICATIONS IN APPLICATIONS FOR LICENSES

Notice of Proposed Rule Making

AUGUST 10, 1971.

Notice is hereby given, pursuant to section 553 of title 5 of the United States Code, that the Federal Power Commission proposes to amend §§ 4.41, 131.6, and 131.30 of its regulations and approved forms under the Federal Power Act, to provide for filing exhibits relating to discharges into navigable waters of the United States and other activities affecting water quality standards.

This proposed rule making originates from the passage of the Water Quality Improvement Act of 1970, Public Law 91–224 (approved April 3, 1970), which amends the Federal Water Pollution Control Act (33 U.S.C. 1151 et seq.). Section 21(b)(1), of the Federal Water Pollution Control Act (33 U.S.C. 1171(b)), provides that any applicant for a Federal license or permit to conduct any activity resulting in a discharge into a navigable water of the United States shall provide the licensing or permitting agency a certification from the appropriate agency having jurisdiction, that there is reasonable assurance that such activity will not violate applicable water quality standards.

The Federal Power Commission regulates hydroelectric facilities under its jurisdiction. The activities and operations of such regulated facilities can have an effect on the water quality of navigable waters of the United States by direct discharges into such water or indirect discharges by way of nonnavigable tributaries into navigable waters or by other activities.

The protection of water quality is essential to the public interest and is of concern to the Commission in formulating license provisions for projects under its jurisdiction. The rules here proposed set forth the manner by which licensees will comply with the statutory requirement to furnish certification that there is reasonable assurance that discharges made into navigable waters of the United States by facilities of licensees will not violate applicable water quality standards. Such certifications, along with other revelant factors, will be considered by the Commission in formulating license provisions for protecting water quality.

Under section 10(a) of the Federal Power Act the Commission is an agency which must consider, in licensing cases, all relevant environmental aspects, including effects of a hydroelectric project upon water quality.[1] Under that Act, Congress has charged this agency with responsibility to make a final judgment in licensing non-Federal hydroelectric projects under the Federal Power Act. First Iowa Hydro-Electric Coop. v. F.P.C., 328 U.S. 152.

The proposed amendments to § 4.4, 131.6, and 131.30 of the Commission's regulations and approved forms under the Federal Power Act would be issued under the authority granted the Federal Power Commission by the Federal Power Act, as amended, particularly sections 4, 10, 15, and 309 (41 Stat. 1065–1066, 1068–1070, 1072, 46 Stat. 798, 49 Stat. 839–844, 858–859; 61 Stat. 501, 82 Stat. 617; 16 U.S.C. 797, 803, 808, and 825h) and pursuant to the provisions of the Federal

[1] Compare Scenic Hudson Preservation Conference v. F.P.C., 354 F.2d 608 (CA2), cert. denied, 384 (1967). In Scenic Hudson the Court said (354 F.2d 608, 613–4): "Congress gave the Federal Power Commission sweeping authority and a specific planning responsibility * * * 'Recreational purposes' are expressly included among the beneficial public uses to which the statute [section 10(a)] refers. The phrase undoubtedly encompasses the conservation of natural resources, the maintenance of natural beauty, and the preservation of historic sites."

Water Pollution Control Act as amended, particularly section 21(b)(1) (33 U.S.C. 1171(b)(1)).

Accordingly, it is proposed to amend § 4.41 in Subchapter B—Regulations under the Federal Power Act, and §§ 131.6 and 131.30 in Subchapter D—Approved Forms, Federal Power Act, Chapter I, Title 18 of the Code of Federal Regulations in the manner set forth below:

1. In § 4.41 *Required exhibits*, amend the text of Exhibit H by inserting a new sentence between the fourth and last sentences of the text which will read as follows:

§ 4.41 Required exhibits.

* * * * *

Exhibit H. * * * This exhibit shall also include (1) a certification from the appropriate agency having jurisdiction that there is reasonable assurance that any activity of the project resulting in a discharge directly or indirectly into a navigable water of the United States will not violate applicable water quality standards (33 U.S.C. 1171(b)), or (2) if such certification cannot be supplied a full statement of all actions by the applicant taken in attempted compliance. * * *

* * * * *

2. In § 131.6 *Application for license for minor project having installed capacity of 2,000 horsepower or less*, revise paragraph (6) so that it will read:

§ 131.6 Application for license for minor project having installed capacity of 2,000 horsepower or less.

* * * * *

(6) What State water or other permits have been obtained authorizing the construction, operation and maintenance of the project? The application shall include (1) a certification from the appropriate agency having jurisdiction that there is reasonable assurance that any activity of the project resulting in a discharge directly or indirectly into a navigable water of the United States will not violate applicable water quality standards (33 U.S.C. 1171(b)), or (2) if such certification cannot be supplied a full statement of all actions by the applicant taken in attempted compliance.

* * * * *

3. At the end of § 131.30 *Application for amendment of license*, insert the following note which will read:

§ 131.30 Application for amendment of license.

* * * * *

NOTE: The following requirements are prescribed with respect to the filing of a statement relating to water quality.

If the application for amendment of license involves construction of project works resulting in discharges into navigable waters of the United States, or other activities affecting water quality standards, the application shall include (1) a certification from the appropriate agency having jurisdiction that there is reasonable assurance that any activity under the license resulting in a discharge directly or indirectly into a navigable water of the United States will not violate applicable water quality standards (33 U.S.C. 1171(b)), or (2) if such certification cannot be supplied a full statement of all actions by the applicant taken in attempted compliance.

Any interested person may submit to the Federal Power Commission, Washington, D.C. 20426, not later than September 15, 1971, data, views, comments, and suggestions in writing concerning the proposed amendments. Written submittals will be placed in the Commission's public files and will be available for inspection at the Commission's Office of Public Information, Washington, D.C. 20426, during regular business hours. An original and 14 conformed copies should be filed with the Secretary of the Commission. Submissions to the Commission should indicate the name, title, address, and telephone number of the person to whom communications in regard to the proposal should be addressed and whether the person filing them requests a conference with the staff of the Federal Power Commission to discuss the proposed amendments. The staff, in its discretion, may grant or deny requests for conference. The Commission will consider all such written submissions before acting on the proposed amendments.

The Secretary shall cause prompt publication of this notice to be made in the FEDERAL REGISTER.

By direction of the Commission.

KENNETH F. PLUMB,
Secretary.

[FR Doc. 71-11914 Filed 8-16-71;8:52 am]

SECURITIES AND EXCHANGE COMMISSION

[17 CFR Part 270]

[Release Nos. 33-5174, IC-6660; File No. 57-405]

RETROACTIVE REGISTRATION OF CERTAIN INVESTMENT COMPANY SHARES SOLD IN EXCESS OF NUMBER OF SHARES INCLUDED IN EFFECTIVE REGISTRATION STATEMENT

Notice of Proposed Rule Making

Notice is hereby given that the Securities and Exchange Commission has under consideration the adoption of a rule, to be designated Rule 24f-1 (17 CFR 270.24-1), under the Investment Company Act of 1940 (Act) (15 U.S.C. 80a-1 et seq.), as amended by the Investment Company Amendments Act of 1970 (the 1970 Act), Public Law 91-547 (84 Stat. 1413). The proposed rule would implement the provisions of the first two sentences of section 24(f) of the Act (15 U.S.C. 80a-24), which were added by the 1970 Act.

The proposed rule would apply to securities issued by a face-amount certificate company and redeemable securities issued by an open end management company or unit investment trust where the number of shares of such securities which have been sold exceeds the number of shares of such securities included in the registration statement of such company under the Securities Act of 1933 (1933 Act) (15 U.S.C. 77a et seq.) in effect at the time of such sale. The rule would provide a procedure whereby such companies may elect to have the registration of certain excess shares, sold within 6 months prior to the payment of the fee required by the rule, deemed effective as of the time of sale of such excess shares, provided that at the time of the sale of such shares a registration statement was in effect with respect to shares of the same class or series and a current prospectus was given to purchasers in accordance with section 5(b) of the 1933 Act (15 U.S.C. 77e).

The limitation of the proposed rule to shares sold within 6 months of payment of the required fee follows the provisions of the first two sentences of section 24(f), which are as follows:

(f) In the case of securities issued by a face-amount certificate company or redeemable securities issued by an openend management company or unit investment trust, which are sold in an amount in excess of the number of securities included in an effective registration statement of any such company, such company may, in accordance with such rules and regulations as the Commission shall adopt as it deems necessary or appropriate in the public interest or for the protection of investors, elect to have the registration of such securities deemed effective as of the time of their sale, upon payment to the Commission, within 6 months after any such sale, of a registration fee of three times the amount of the fee which would have otherwise been applicable to such securities. Upon any such election and payment, the registration statement of such company shall be considered to have been in effect with respect to such shares * * *.

The report of the House Committee on Interstate and Foreign Commerce, House Rept. No. 91-1382, 91st Cong., Second Sess., p. 32, makes the following comment on the provisions of section 24(f) quoted above:

Occasionally, due to inadvertence, a registered investment company making a continuous offering of its securities, sells more shares than are covered by its registration statement under the Securities Act of 1933. Although the number of shares sold in excess of those registered are not registered under the act, in practical effect no investor is harmed if each offeree or purchaser is given a current prospectus. However, the inadvertence may result in a violation of section 5 of the Securities Act and any person who can show that his shares were not actually registered might be entitled to the rescission rights given by section 12 of the Securities Act (15 U.S.C. 771*l*). * * * the bill would add a new section 24(f) to the Act to permit the Commission to adopt rules allowing retroactive registration of securities sold in excess of the number of securities included in an effective registration statement upon payment of three times the normal registration fee for such shares * * *

In accordance with foregoing, the proposed rule requires a statement by an issuer which files a notification of election under the rule that a current prospectus was given to purchasers of the shares with respect to which the notification is filed.

In accordance with section 24(f) of the Act, which requires the payment of a fee three times "the amount of the fee which would have otherwise been applicable" to the securities with respect to which an election is made, the rule requires the payment of a fee three times the amount of the registration fee, calculated in the manner specified in section 6(b) of the 1933 Act (15 U.S.C. 77f(b)) and the rules and regulations thereunder, which would have been payable if an amendment to register the securities had been filed pursuant to section 24(e)(1) of the Act on the later of (i) the day 6 months before the payment of the fee under the proposed rule, or (ii) the date of the first sale of shares in excess of the number included in the registration statement then in effect. This provision reflects the fact that section 24(f) does not apply to securities sold more than 6 months prior to the payment of the fee. The minimum fee payable under the proposed rule is $300, three times the minimum fee payable under section 6(b) of the 1933 Act.

Under the proposed rule, an issuer wishing to elect to invoke the provisions of the rule shall, in addition to making payment of the prescribed fee, file a notification of election containing the information specified in the rule.

The proposed rule would be adopted pursuant to the authority granted to the Commission in sections 24(f) and 38(a) of the Act.

Commission action. The Commission proposes to amend Part 270 of Chapter II of Title 17 of the Code of Federal Regulations by adding a new § 270.24f–1 which would read as follows:

§ 270.24f–1 Retroactive registration under the Securities Act of 1933 of certain investment company shares sold in excess of number of shares included in an effective registration statement.

(a) In the case of securities issued by a face-amount certificate company or redeemable securities issued by an open-end management company or unit investment trust, which have, within 6 months prior to the payment of the fee required below, been sold in an amount in excess of the number of shares of securities of the same class or series included in a registration statement of such issuer under the Securities Act of 1933 in effect at the time of sale, the issuer may, subject to the provisions of paragraph (b) of this section, elect to have the registration of such securities under the Securities Act of 1933 deemed effective as of the time of their sale, by the filing of a notification of election in accordance with paragraph (b) of this section and the payment to the Commission, by a U.S. postal money order or a certified bank check, or cash, of a fee computed in accordance with paragraph (c) of this section, but not less than $300.

(b) (1) A notification pursuant to paragraph (a) of this section shall be captioned "Notification of Election Under Rule 24f–1" and shall show the file number of the registration statement of the issuer under the Securities Act of 1933 which was in effect, at the time of sale of the shares with respect to which the notification is filed, as to securities of the same class or series. The notification shall state the name and address of the issuer, identify the security and state the number of shares thereof with respect to which such notification is filed and the period of time during which such shares were sold, and show the computation of the fee paid per share and in the aggregate.

(2) The notification shall not be effective for purposes of paragraph (a) of this section unless it includes a statement by the issuer that a copy of the prospectus included in the registration statement in effect at the time of sale was given, in accordance with the requirements of section 5(b) of the Securities Act of 1933, to each purchaser of the shares with respect to which the notification is filed, and that the information in such prospectus was not as of a date more than 16 months prior to its use. The notification shall, in any event, be invalid for purposes of paragraph (a) of this section with respect to shares as to which such statement is not in fact correct.

(3) The notification shall include as an exhibit a certified copy of a resolution of the board of directors of the issuer authorizing the filing of the notification and shall be signed for the issuer by a duly authorized officer thereof. Five copies of the notification shall be filed, at least one of which shall be manually signed. The other copies may have facsimile or typed signatures.

(c) The amount of the fee to be paid pursuant to paragraph (a) of this section with respect to shares as to which a notification of election is filed under this rule shall be three times the amount of the registration fee, calculated in the manner specified in section 6(b) of the Securities Act of 1933 and the rules and regulations thereunder, which would have been payable if an amendment to register such shares had been filed pursuant to setcion 24(e)(1) of the Investment Company Act of 1940 on the later of (1) the day 6 months before the payment of the fee made pursuant to paragraph (a) of this section, or (2) the date of the first sale of shares in excess of the number included in the registration statement in effect at the time of such sale.

All interested persons are invited to submit their views and comments on proposed Rule 24f–1 in writing to the Securities and Exchange Commission, Washington, D.C. 20549, on or before September 7, 1971, referring to File No. S7–405. All such communications will be available for public inspection.

(Secs. 24(f), 38(a), 15 U.S.C. 80a–24(f), 80a–37(a); 54 Stat. 825, 841, Public Law 91–547, 84 Stat. 1424)

By the Commission, August 6, 1971.

[SEAL] RONALD F. HUNT,
Acting Associate Secretary.

[FR Doc.71–11918 Filed 8–16–71;8:56 am]

Notices

DEPARTMENT OF STATE

Agency for International Development

DEPUTY ASSISTANT ADMINISTRATORS AND ASSOCIATE ASSISTANT ADMINISTRATORS FOR ADMINISTRATION

Redelegation of Authority

Pursuant to authority delegated to me by the Administrator, A.I.D., I hereby redelegate to the Deputy Assistant Administrators and Associate Assistant Administrators for Administration, to the extent consistent with law, all the authorities now or hereafter delegated to the Assistant Administrator for Administration from the Administrators or Deputy Administrator, including, but not limited to, those authorities conferred by Delegation of Authority Nos. 1, 3, 17, 19, 27, 36, 54, 56, 64, 80, 85, 88, and any other authorities, powers or functions under any Agency regulation, policy determination, manual order, directive, notice, or issuance.

The redelegation of authority from the Assistant Administrator for Administration to the Deputy Assistant Administrators and Associate Assistant Administrator for Administration, dated May 9, 1968 (33 F.R. 7459) is hereby revoked.

This redelegation of authority shall be effective immediately.

Dated: August 10, 1971.

JAMES F. CAMPBELL,
Assistant Administrator for Administration.

[FR Doc.71-11881 Filed 8-16-71;8:49 am]

[Delegation of authority No. 54, Amdt. 4]

DIRECTOR, OFFICE OF AMERICAN SCHOOLS AND HOSPITALS ABROAD

Delegation of Authority

Pursuant to the authority delegated to me by Delegation of Authority No. 104, as amended, of November 3, 1961 (26 F.R. 10608), from the Secretary of State, it is hereby directed that Delegation of Authority No. 54, as amended, be and it is hereby amended further, as follows:

1. Delete the first sentence of the first unnumbered paragraph following paragraph No. 3 and substitute the following therefor:

"The authorities delegated herein may be redelegated to the Director, Office of American Schools and Hospitals Abroad (ASHA)."

2. This amendment to Delegation of Authority No. 54 is effective immediately.

Dated: August 6, 1971.

JOHN A. HANNAH,
Administrator.

[FR Doc.71-11882 Filed 8-16-71;8:49 am]

DIRECTOR, OFFICE OF AMERICAN SCHOOLS AND HOSPITALS ABROAD

Redelegation of Authority

Pursuant to the authority delegated to me by Delegation of Authority No. 54 of October 21, 1964, as amended, from the A.I.D. Administrator, I hereby delegate to the Director, Office of American Schools and Hospitals Abroad the authority to:

1. Furnish assistance pursuant to section 214 (a) and (b) of the Foreign Assistance Act of 1961, as amended, to schools, libraries, and hospitals which qualify under those sections of the law and to make grants to such institutions in connection therewith.

2. To specify terms and conditions for such assistance.

3. To administer and implement such assistance and to exercise all authorities with respect thereto that are vested and that become vested in the regional Assistant Administrators with respect to programs and projects for which they have operational responsibility, including, among other acts, approval of contracts.

The authorities delegated herein may not be further redelegated.

The authorities delegated herein shall be exercised in accordance with agency policies, regulations, and procedures.

This redelegation of authority shall be effective immediately.

Dated: August 9, 1971.

JAMES F. CAMPBELL,
Acting Assistant Administrator for Administration.

[FR Doc.71-11883 Filed 8-16-71;8:49 am]

DEPARTMENT OF THE TREASURY

Bureau of Customs

BHT (BUTYLATED HYDROXYTOLUENE) FROM JAPAN

Antidumping Proceeding Notice

AUGUST 6, 1971.

On June 17, 1971, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs regulations (19 CFR 153.26, 153.27), indicating a possibility that BHT (butylated hydroxytoluene) (2,6-di-tert-butyl-para-cresol), including technical (nonfood) grade and nontechnical (food) grade, from Japan is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

There is evidence on record concerning injury to or likelihood of injury to or prevention of establishment of an industry in the United States.

Having conducted a summary investigation as required by § 153.29 of the Customs regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the Bureau of Customs is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

A summary of information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold for exportation to the United States are less than the prices for home consumption.

This notice is published pursuant to § 153.30 of the Customs regulations (19 CFR 153.30).

[SEAL] EDWIN F. RAINS,
Acting Commissioner of Customs.

[FR Doc.71-11891 Filed 8-16-71;8:56 am]

CERTAIN MACHINE FINISH KRAFT WRAPPING PAPER FROM CANADA

Antidumping Proceeding Notice

AUGUST 5, 1971.

On June 3, 1971, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs regulations (19 CFR 153.26, 153.27), indicating a possibility that 30-pound MF (Machine Finish) kraft wrapping paper from Canada is being, or likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

There is evidence on record concerning injury to or likelihood of injury to or prevention of establishment of an industry in the United States.

Having conducted a summary investigation as required by § 153.29 of the Customs regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the Bureau of Customs is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

A summary of information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold for exportation to the United States are less than the prices for home consumption.

This notice is published pursuant to § 153.30 of the Customs regulations (19 CFR 153.30).

[SEAL] EDWIN F. RAINS,
Acting Commissioner of Customs.

[FR Doc. 71-11954 Filed 8-16-71; 8:57 am]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

CALIFORNIA

Notice of Proposed Withdrawal and Reservation of Lands

AUGUST 4, 1971.

Notice of the Corps of Engineers' application, Serial No. S 1491, for withdrawal and reservation of lands in connection with the construction, operation, and maintenance of the New Melones Reservoir was published as F.R. Doc. 68-5541 on pages 6992 and 6993 of the issue for Thursday, May 9, 1968. The applicant agency amended its application to include additional lands which are described below.

For a period of 30 days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal may present their views in writing to the undersigned officer of the Bureau of Land Management, Department of the Interior, E-2807 Federal Office Building, 2800 Cottage Way, Sacramento, CA 95825.

The Department's regulations, 43 CFR 2351.4(c), provide that the authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demands for the lands and their resources. He will also undertake negotiations with the applicant agency with the view of adjusting the application to reduce the area to the minimum essential to meet the applicant's needs, to provide for the maximum concurrent management of the lands and their resources.

The authorized officer will also prepare a report for consideration of the Secretary of the Interior who will determine whether or not the lands will be withdrawn as requested by the applicant agency.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

If circumstances warrant, a public hearing will be held at a convenient time and place which will be announced.

The lands involved in the amended application are:

MOUNT DIABLO MERIDIAN

T. 1 N., R. 13 E.,
Sec. 8, NE¼SE¼.

The area described aggregates 40 acres in Calaveras County.

ELIZABETH H. MIDTBY,
Chief, Lands Adjudication Section.

[FR Doc.71-11848 Filed 8-16-71;8:47 am]

[ES 8226]

FLORIDA

Notice of Proposed Withdrawal and Reservation of Lands

The Bureau of Sport Fisheries and Wildlife, U.S. Department of the Interior, has filed application ES 8226 for the withdrawal from all forms of appropriation under the public land laws, including the mining laws, the mineral leasing laws, and the Act of July 31, 1947 (61 Stat. 681; 30 U.S.C. 601-604) of the lands described below, located on Pig Island, Gulf County, Fla., for inclusion in the St. Vincent National Wildlife Refuge, subject to valid existing rights:

TALLAHASSEE MERIDIAN

T. 9 S., R. 11 W.,
Sec. 7, lot 9;
Sec. 17, lots 2 and 3;
Sec. 18, lot 8.

The areas described aggregate 45.33 acres.

For a period of 30 days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal may present their views in writing to the undersigned officer of the Eastern States Land Office, Bureau of Land Management, Department of the Interior, 7981 Eastern Avenue, Silver Spring, MD 20910.

The authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demand for the lands and their resources. He will also undertake negotiations with the applicant agency with the view of adjusting the application to reduce the area to the minimum essential to meet the applicant's needs, to provide for the maximum concurrent utilization of the lands for purposes other than the applicant's, to eliminate lands needed for purposes more essential than the applicant's, and to reach an agreement on the concurrent management of the lands and their resources.

The authorized officer will also prepare a report for consideration by the Secretary of the Interior who will determine whether or not the lands will be withdrawn as requested by the applicant agency.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

If circumstances warrant, a public hearing will be held at a convenient time and place, which will be announced.

Dated: August 10, 1971.

DORIS A. KOIVULA,
Manager.

[FR Doc.71-11915 Filed 8-16-71;8:54 am]

NEVADA

Notice of Filing of Plat of Survey and Order Providing for Opening of Lands

AUG. 9, 1971.

1. The Plat of Survey of lands described below will be officially filed at the Nevada Land Office, Reno, Nev., effective 10 a.m. on September 17, 1971:

MOUNT DIABLO MERIDIAN, NEVADA

T. 5 S., R. 43 E. (GROUP 481).

2. The surveyed area in T. 5 S., R. 43 E., aggregates 13.25 acres. The plat was accepted July 29, 1971. The area surveyed in Township 5 South, Range 43 East is located near the junction of U.S. Highway No. 95 and State Route No. 3. The only improvements in the area surveyed are a well and several house trailers located in Tract 39.

3. Subject to any existing valid rights and the requirements of applicable laws, the above-described lands are hereby opened to filing applications, selections, and location, except for applications under the Small Tract, Desert Land, and Homestead Laws, in accordance with the following:

Applications and selections under the nonmineral public land laws may be presented to the office mentioned below, beginning on the date of the order. Such applications, selections, and offers will be considered as filed on the hour and respective dates shown for the various classes enumerated in the following paragraphs: Applications by persons having prior existing valid settlement rights, preference rights conferred by existing laws, or equitable claims subject to allowance and confirmation will be adjudicated on the facts presented in support of such claim or right. All applications presented by persons other than those referred to in this paragraph will be subject to the applications and claims mentioned in this paragraph. All valid applications and selections under the nonmineral public land laws presented prior to 10 a.m. September 17, 1971, will be considered as simultaneously filed at that hour. Rights under such applications and selections filed after that hour will be governed by the time of filing.

4. Persons claiming preference rights based upon valid settlement, statutory preference, or equitable claims must enclose properly corroborated statements in support of their applications, setting forth all facts relevant to their claims. Detailed rules and regulations governing applications, which may be filed pursuant to this notice can be found in Title

43 of the Code of Federal Regulations. Inquiries concerning these lands shall be addressed to the Nevada State Office, Bureau of Land Management, 300 Booth Street, Reno, NV 89502.

DOROTHY F. GIBBONS,
Acting Chief, Branch of Records & Data Management.

[FR Doc.71-11869 Filed 8-16-71;8:56 am]

Geological Survey

[California No. 6]

CALIFORNIA

Coal Land Classification Order

Pursuant to authority under the Act of March 3, 1879 (20 Stat. 394; U.S.C. 31), and as delegated to me by Departmental Order 2563 of May 2, 1950, under authority of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), the following described lands, insofar as title thereto remains in the United States, are hereby classified as shown:

MOUNT DIABLO MERIDIAN, CALIFORNIA

COAL LANDS

T. 17 S., R. 10 E.,
Sec. 21, NW¼NW¼.

NONCOAL LANDS

T. 17 S., R. 10 E.,
Sec. 15, NE¼NE¼, W½NE¼, W½, SE¼;
Sec. 16, NE¼, S½;
Sec. 17, S½;
Sec. 18, lots 3 to 7, inclusive, SE¼;
Sec. 19, NE¼;
Sec. 20;
Sec. 21, NE¼, NE¼NW¼, S½NW¼, S½;
Sec. 22.

The area described aggregates 3,901 acres, more or less, of which about 40 acres are classified coal lands, and about 3,861 acres are classified as noncoal lands.

Dated: July 20, 1971.

W. A. RADLINSKI,
Acting Director.

[FR Doc.71-11876 Filed 8-16-71;8:51 am]

[Utah No. 116]

UTAH

Coal Land Classification Order

Pursuant to authority under the Act of March 3, 1879 (20 Stat. 394; U.S.C. 31), and as delegated to me by Departmental Order 2563 of May 2, 1950, under authority of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), the following described lands, insofar as title thereto remains in the United States, are hereby classified as shown:

SALT LAKE MERIDIAN, UTAH

COAL LANDS

T. 36 S., R. 2 E.,
Secs. 1 to 16, inclusive;
Sec. 17, NE¼, N½NW¼, NE¼SW¼, S½SW¼, SE¼;
Sec. 18, lots 1 to 4, inclusive, N½NE¼, SW¼NE¼, E½W½, NW¼SE¼;
Sec. 19, lots 1 to 4, inclusive, NW¼NE¼, NE¼NW¼, SE¼SE¼;
Secs. 20 to 36, inclusive.
T. 37 S., R. 2 E.,
Secs. 1 to 36, inclusive.
T. 35 S., R. 3 E., in part unsurveyed,
Sec. 19, lots 3 and 4, SE¼SW¼;
Sec. 30, NW¼NE¼, S½NE¼, NW¼, S½;
Sec. 31;
Sec. 32, lot 4 (NE¼SW¼), lot 4 (SW¼SW¼), and lot 5, W½NW¼, NW¼SW¼.
T. 36 S., R. 3 E.,
Secs. 5 to 8, inclusive;
Sec. 9, SW¼SW¼;
Sec. 16, W½NW¼;
Sec. 17, N½, SW¼, W½SE¼;
Secs. 18 to 20, inclusive;
Sec. 21, SW¼NE¼, S½NW¼, N½SW¼, SW¼SW¼, NW¼SE¼;
Sec. 27, SW¼NE¼, NW¼SE¼;
Sec. 28, W½NW¼, SW¼;
Secs. 29 to 32, inclusive;
Sec. 33, NW¼NE¼, S½NE¼, W½, SE¼;
Sec. 34, SW¼, S½SE¼.
T. 37 S., R. 3 E.,
Sec. 1, NW¼SW¼, S½SW¼;
Sec. 2, lot 4, SW¼NE¼, S½NW¼, S½;
Secs. 3 to 36, inclusive.

NONCOAL LANDS

T. 36 S., R. 2 E.,
Sec. 17, S½NW¼, NW¼SW¼;
Sec. 18, SE¼NE¼, NE¼SE¼, S½SE¼;
Sec. 19, NE¼NE¼, S½NE¼, SE¼NW¼, E½SW¼, N½SE¼, SW¼SE¼.
T. 35 S., R. 3 E.,
Sec. 19, NE¼SW¼;
Sec. 29, SW¼;
Sec. 30, NE¼NE¼;
Sec. 32, lots 1 and 2, E½;
Sec. 33, W½, SE¼.
T. 36 S., R. 3 E.,
Sec. 3, SW¼;
Sec. 4;
Sec. 9, N½, N½SW¼, SE¼SW¼, SE¼;
Sec. 10;
Sec. 11, SW¼;
Sec. 13, SW¼;
Secs. 14 and 15;
Sec. 16, NE¼, E½NW¼, S½;
Sec. 17, E½SE¼;
Sec. 21, N½NE¼, SE¼NE¼, N½NW¼, SE¼SW¼, NE¼SE¼, S½SE¼;
Secs. 22 to 26, inclusive;
Sec. 27, N½NE¼, SE¼NE¼, W½, NE¼SE¼, S½SE¼;
Sec. 28, NE¼, E½NW¼, SE¼;
Sec. 33, NE¼NE¼;
Sec. 34, N½, N½SE¼;
Secs. 35 and 36.
T. 37 S., R. 3 E.,
Sec. 1, lots 1 to 4, inclusive, S½N½, NE¼SW¼, SE¼;
Sec. 2, lots 1 to 3, inclusive, SE¼NE¼.
T. 36 S., R. 4 E.,
Sec. 19;
Secs. 30 to 32, inclusive.

The area described aggregates 92,748 acres, more or less, of which about 77,221 acres are classified coal lands, and about 15,527 acres are classified noncoal lands.

Dated: July 20, 1971.

W. A. RADLINSKI,
Acting Director.

[FR Doc.71-11877 Filed 8-16-71;8:51 am]

[Wyoming No. 5]

WYOMING

Oil Shale Land Classification Order

Pursuant to authority under the Act of March 3, 1879 (20 Stat. 394; U.S.C. 31), and as delegated to me by Departmental Order 2563 of May 2, 1950, under authority of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), the following described lands, insofar as title thereto remains in the United States, are hereby classified as shown:

SIXTH PRINCIPAL MERIDIAN, WYOMING

NONOIL SHALE LANDS

T. 41 N., R. 110 W.,
Secs. 1 to 4, inclusive;
Secs. 9 to 15, inclusive;
Secs. 23 to 25, inclusive.
T. 42 N., R. 110 W.,
Secs. 1 to 30, inclusive;
Secs. 32 to 36, inclusive.
T. 43 N., R. 110 W.,
Secs. 1 to 36, inclusive.
T. 44 N., R. 110 W., unsurveyed,
Secs. 20 to 22, inclusive;
Secs. 26 to 35, inclusive.
T. 42 N., R. 111 W.,
Secs. 1, 2, 12, and 13.
T. 43 N., R. 111 W., unsurveyed,
Secs. 1 and 2;
Secs. 10 to 15, inclusive;
Secs. 22 to 27, inclusive;
Secs. 35 and 36.

The area described aggregates 75,239 acres, more or less, all of which are classified nonoil shale lands.

Dated: July 20, 1971.

W. A. RADLINSKI,
Acting Director.

[FR Doc.71-11875 Filed 8-16-71;8:50 am]

[Wyoming No. 20]

WYOMING

Phosphate Land Classification Order

Pursuant to authority under the Act of March 3, 1879 (20 Stat. 394; U.S.C. 31), and as delegated to me by Departmental Order 2563 of May 2, 1950, under authority of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), the following described lands, insofar as title thereto remains in the United States, are hereby classified as shown:

SIXTH PRINCIPAL MERIDIAN, WYOMING

PHOSPHATE LANDS

T. 32 N., R. 99 W.,
Sec. 30, lot 4;
Sec. 31, lots 1 to 4, inclusive, SW¼NE¼, SE¼NW¼, E½SW¼, SE¼;
Sec. 32, SW¼SW¼.

NONPHOSPHATE LANDS

T. 31 N., R. 98 W.,
Sec. 3, SW¼NW¼, SW¼;
Sec. 4, lots 1 to 4, inclusive, S½N½, N½SW¼, SE¼SW¼, SE¼;
Sec. 5, lot 1;
Sec. 9, N½NE¼, SE¼NE¼, NE¼SE¼;
Sec. 10, W½;
Sec. 24, NE¼, SE¼NW¼, S½;
Sec. 25;
Sec. 26, E½E½;
Sec. 30, lots 3 and 4, SE¼SW¼;
Sec. 31, lots 1 to 4, inclusive, W½NE¼, E½W½, SE¼;
Sec. 35, E½NE¼;
Sec. 36, N½, N½SW¼, SE¼SW¼, SE¼.
T. 32 N., R. 98 W.,
Sec. 32, NE¼, N½SE¼, SE¼SE¼;
Sec. 33, W½, W½SE¼.
T. 32 N., R. 99 W.,
Sec. 2, E½SW¼, SW¼SE¼;
Sec. 11, NE¼, E½SE¼;
Sec. 12, W½SW¼, SE¼SW¼;
Sec. 13, W½NE¼, W½, SE¼;

Sec. 14, E½NE¼;
Sec. 19, lots 3 and 4, SE¼SW¼, SW¼SE¼;
Sec. 24, NE¼, N½NW¼, SE¼NW¼, N½SE¼, SE¼SE¼;
Sec. 29, SW¼NW¼, SW¼, SW¼SE¼;
Sec. 30, lots 1 to 3, inclusive, NE¼, E½W½, SE¼;
Sec. 31, N½NE¼, SE¼NE¼, NE¼NW¼;
Sec. 32, N½, N½SW¼, SE¼SW¼, SE¼;
Sec. 33, NW¼NW¼, S½NW¼, SW¼, W½SE¼, SE¼SE¼.

The area described aggregates 9,035 acres, more or less, of which about 597 acres are classified phosphate lands, and about 8,438 acres are classified nonphosphate lands.

Dated: July 20, 1971.

W. A. RADLINSKI,
Acting Director.

[FR Doc.71-11878 Filed 8-16-71;8:51 am]

[Wyoming No. 21]

WYOMING

Phosphate Land Classification Order

Pursuant to authority under the Act of March 3, 1879 (20 Stat. 394; U.S.C. 31), and as delegated to me by Departmental Order 2563 of May 2, 1950, under authority of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), the following described lands, insofar as title thereto remains in the United States, are hereby classified as shown:

SIXTH PRINCIPAL MERIDIAN, WYOMING

PHOSPHATE LANDS

T. 41 N., R. 117 W., in part unsurveyed,
Sec. 31, SE¼NE¼, S½NW¼, N½SW¼, SE¼;
Sec. 32, S½NW¼, S½.

RECLASSIFIED PHOSPHATE LANDS FROM NONPHOSPHATE LANDS

Prior classification of the following lands as nonphosphate is hereby revoked and the lands are reclassified as phosphate lands:
T. 41 N., R. 117 W., in part unsurveyed,
Sec. 5, NW¼, N½SW¼;
Sec. 6, S½NE¼, SE¼NW¼, SW¼, N½SE¼;
Sec. 7, W½NW¼;
Sec. 8, NE¼SE¼;
Sec. 9, NE¼NW¼, S½NW¼, N½SW¼;
Sec. 16, SW¼NW¼;
Sec. 17, SE¼NE¼, SW¼SE¼.

NONPHOSPHATE LANDS

T. 41 N., R. 117 W., in part unsurveyed,
Sec. 30;
Sec. 31, N½NE¼, SW¼NE¼, N½NW¼, S½SW¼;
Sec. 32, NE¼, N½NW¼.

The area described aggregates 2,969 acres, more or less, of which about 760 acres are classified phosphate lands, about 1,050 acres are reclassified phosphate lands that were formerly classified nonphosphate lands, and about 1,159 acres are classified nonphosphate lands.

Dated: July 20, 1971.

W. A. RADLINSKI,
Acting Director.

[FR Doc.71-11879 Filed 8-16-71;8:51 am]

Office of the Secretary

JOHN S. ANDERSON

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 18, 1971.

Dated: July 18, 1971.

JOHN S. ANDERSON.

[FR Doc.71-11849 Filed 8-16-71;8:47 am]

CHARLES A. CAMPBELL

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) None.
(2) None.
(3) None.
(4) None.

This statement is made as of July 21, 1971.

Dated: July 21, 1971.

CHARLES A. CAMPBELL.

[FR Doc.71-11850 Filed 8-16-71;8:47 am]

B. M. GUTHRIE

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 22, 1971.

Dated: June 22, 1971.

B. M. GUTHRIE.

[FR Doc.71-11851 Filed 8-16-71;8:48 am]

GLENN J. HALL

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) FMC Corp., Howmet Corp., Morrison-Kundsen Co., General Electric Co., Amalgamated Sugar Co., Idaho Power Co., First Security Bank Corp., Union Carbide Corp., Pacific Power & Light Co., Utah Power & Light Co., Union Pacific Corp., Portland GE Co., Washington Water Power Co., Montana Power Co., Westinghouse Electric Co., Puget Sound Power & Light Co., Howmedica Corp., and Anaconda, Gulf Oil.
(3) No change.
(4) No change.

This statement is made as of July 19, 1971.

Dated: July 19, 1971.

GLENN J. HALL.

[FR Doc.71-11852 Filed 8-16-71;8:48 am]

B. C. HULSEY

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 30, 1971.

Dated: June 18, 1971.

B. C. HULSEY.

[FR Doc.71-11853 Filed 8-16-71;8:48 am]

DAVID G. JETER

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 19, 1971.

Dated: July 19, 1971.

D. G. JETER.

[FR Doc.71-11854 Filed 8-16-71;8:48 am]

ANDREW PAT JONES

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 30, 1971.

Dated: June 22, 1971.

A. P. JONES.

[FR Doc.71-11855 Filed 8-16-71;8:48 am]

GEORGE V. KENNEDY

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 23, 1971.

Dated: June 23, 1971.

GEORGE V. KENNEDY.

[FR Doc.71-11856 Filed 8-16-71;8:48 am]

J. W. KEPNER

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 20, 1971.

Dated: July 20, 1971.

J. W. KEPNER.

[FR Doc.71-11857 Filed 8-16-71;8:48 am]

OWEN A. LENTZ

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) Add Municipal Investment Trust Fund.
(3) No change.
(4) No change.

This statement is made as of July 28, 1971.

Dated: July 28, 1971.

OWEN A. LENTZ.

[FR Doc.71-11858 Filed 8-16-71;8:48 am]

CARLOS O. LOVE

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 18, 1971.

Dated: June 18, 1971.

CARLOS O. LOVE.

[FR Doc.71-11859 Filed 8-16-71;8:48 am]

JOHN P. MADGETT

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of June 15, 1971.

Dated: June 24, 1971.

JOHN P. MADGETT.

[FR Doc.71-11860 Filed 8-16-71;8:48 am]

ROBERT R. McLAGAN

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 28, 1971.

Dated: July 26, 1971.

R. R. MCLAGAN.

[FR Doc.71-11861 Filed 8-16-71;8:49 am]

JULIO A. NEGRONI

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 1971.

Dated: July 20, 1971.

JULIO A. NEGRONI.

[FR Doc.71-11862 Filed 8-16-71;8:49 am]

LEROY J. SCHULTZ

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) None.
(2) None.
(3) None.
(4) None.

This statement is made as of July 27, 1971.

Dated: July 27, 1971.

LEROY J. SCHULTZ.

[FR Doc.71-11863 Filed 8-16-71;8:49 am]

SAMUEL RIGGS SHEPPERD

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 1, 1971.

Dated: June 18, 1971.

RIGGS SHEPPERD.

[FR Doc.71-11864 Filed 8-16-71;8:49 am]

WILLARD B. SIMONDS

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) None.
(2) None.
(3) None.
(4) None.

This statement is made as of August 3, 1971.

Dated: August 3, 1971.

W. B. SIMONDS.

[FR Doc.71-11865 Filed 8-16-71;8:49 am]

CHARLES W. WATSON

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) No change.
(3) No change.
(4) No change.

This statement is made as of July 19, 1971.

Dated: July 19, 1971.

C. W. WATSON.

[FR Doc.71-11866 Filed 8-16-71;8:49 am]

C. N. WHITMIRE

Statement of Changes in Financial Interests

In accordance with the requirements of section 710(b)(6) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955, the following changes have taken place in my financial interests during the past 6 months:

(1) No change.
(2) Delete: Rover Amchem. Add: MARCOR.
(3) No change.
(4) No change.

This statement is made as of July 1, 1971.

Dated: July 1, 1971.

CHARLES N. WHITMIRE.

[FR Doc.71-11867 Filed 8-16-71;8:49 am]

DEPARTMENT OF AGRICULTURE

Office of the Secretary

MISSOURI

Designation of Areas for Emergency Loans

For the purpose of making emergency loans pursuant to section 321 of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961), and section 232 of the Disaster Relief Act of 1970 (Public Law 91-606), it has been determined that in the following counties in the State of Missouri natural disasters have caused a general need for agricultural credit:

MISSOURI

Cape Girardeau. Scott.
Mississippi.

Emergency loans will not be made in the above-named counties under this designation pursuant to applications received after June 30, 1972, except subsequent loans to qualified borrowers who received initial loans under this designation.

The urgency of the need for emergency loans in the designated areas makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 11th day of August 1971.

J. PHIL CAMPBELL,
Acting Secretary.

[FR Doc.71-11952 Filed 8-16-71;8:57 am]

WISCONSIN

Designation of Area for Emergency Loans

For the purpose of making emergency loans pursuant to section 321 of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961), and section 232 of the Disaster Relief Act of 1970 (Public Law 91-606), it has been determined that in the following county in the State of Wisconsin natural disasters have caused a general need for agricultural credit:

WISCONSIN

Jackson.

Emergency loans will not be made in the above-named county under this designation pursuant to applications received after June 30, 1972, except subsequent loans to qualified borrowers who received initial loans under this designation.

The urgency of the need for emergency loans in the designated area makes it impracticable and contrary to the public interest to give advance notice of proposed rule making and invite public participation.

Done at Washington, D.C., this 11th day of August 1971.

J. PHIL CAMPBELL,
Acting Secretary.

[FR Doc.71-11953 Filed 8-16-71;8:57 am]

UTE MOUNTAIN UTE INDIAN TRIBE IN COLORADO

Feed Grain Donations

Pursuant to the authority set forth in section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), and Executive Order 11336, I have determined that:

1. The chronic economic distress of the needy members of the Ute Mountain Ute Indian Tribe in Montezuma County, Colo. has been materially increased and become acute because of the current severe drought of several months in length, and its damaging effect on their grazing lands. These lands are reservation or other lands designated for Indian use and are utilized by members of the Indian tribe for grazing.

2. The use of feed grains or products thereof made available by the Commodity Credit Corp., for livestock feed for such needy members of the tribe will not displace or interfere with normal marketing of agricultural commodities.

Based on the above determinations, I hereby declare the reservation and grazing lands of this tribe to be an acute distress area and authorize the donation of feed grains owned by the Commodity Credit Corp., to livestockmen who are determined by the Bureau of Indian Affairs, Department of the Interior to be needy members of the tribe utilizing such lands. These donations by the Commodity Credit Corp., may commence upon signature of this notice and shall be made available through the duration of the prevailing drought conditions or at such time as may be stated later in a notice issued by the Secretary of Agriculture.

Signed at Washington, D.C., on August 11, 1971.

J. PHIL CAMPBELL,
Acting Secretary.

[FR Doc.71-11874 Filed 8-16-71;8:50 am]

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[Docket No. C-355]

GEORGE E. PEPPER

Notice of Loan Application

AUGUST 11, 1971.

George E. Pepper, 7975 El Paso Street, La Mesa, CA 92401, has applied for a loan from the Fisheries Loan Fund to aid in the financing of the purchase of a used wood vessel, about 53-foot in length, to engage in the fishery for tuna (yellowfin, skipjack and albacore).

Notice is hereby given, pursuant to the provisions of 16 U.S.C. 742c, Fisheries Loan Fund Procedures (50 CFR Part 250, as revised), and Reorganization Plan No. 4 of 1970, that the above entitled application is being considered by the National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, Interior Building, Washington, D.C. 20235. Any person desiring to submit evidence

that the contemplated operation of such vessel will cause economic hardship or injury to efficient vessel operators already operating in that fishery must submit such evidence in writing to the Director, National Marine Fisheries Service, within 30 days from the date of publication of this notice. If such evidence is received it will be evaluated along with such other evidence as may be available before making a determination that the contemplated operation of the vessel will or will not cause such economic hardship or injury.

JOSEPH W. SLAVIN,
Acting Director.

[FR Doc.71-11871 Filed 8-16-71;8:50 am]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Housing Administration

[Docket No. N-71-103]

SAN FRANCISCO AREA OFFICE

Notice of Experimental Change in Procedures for Application for Approval of Projects for Mortgage Insurance and the Reduction of Required Fees

Notice is hereby given that letters of feasibility issued by the Area Office Director in San Francisco, Calif., for all multifamily, land development and group practice facility projects shall be deemed to be Conditional Commitments as defined and referred to in Title 24, Chapter II, Parts 207, 213, 220, 221, 231, 232, 234, 236, 241, 810, 1000, and 1100 of the Code of Federal Regulations and may be limited in scope and the fee therefor reduced as described below:

SECTION A. *Application fee for Feasibility Letter/Conditional Commitment.* The application for a Feasibility Letter/Conditional Commitment to the San Francisco Area Office shall be accompanied by the payment of an application fee of one dollar ($1.00) per thousand dollars of the amount of the requested mortgage insurance commitment. If a subsequent application for a firm commitment is made, a commitment fee, in an amount which when added to the application fee will aggregate three dollars ($3.00) per thousand dollars of the requested mortgage shall be submitted with the application for said firm commitment.

SEC. B. *Scope of Feasibility Letter/Conditional Commitment.* The Feasibility Letter/Conditional Commitment may be limited to the following:

1. The value of the proposed project site.

2. The acceptability of the proposed project site, the proposed composition of the units and the market for the number of proposed units. Where the application is not acceptable as submitted, but can be made acceptable by a change in the number or composition of the units, the specific lesser number of units which would be acceptable and any acceptable alternative plan for the composition of units.

3. The acceptability of the unit rents proposed. Where rent levels are unacceptable, the specific rents which are acceptable.

4. The acceptable land use intensity number.

SEC. C. *Effective date.* The period for use of the experimental procedure shall commence on August 9, 1971, and shall continue through April 30, 1972, unless sooner terminated. Advance notice of this procedure has been determined to be impracticable.

Issued at Washington, D.C., August 9, 1971.

EUGENE A. GULLEDGE,
Federal Housing Commissioner.

[FR Doc.71-11844 Filed 8-16-71;8:47 am]

DEPARTMENT OF TRANSPORTATION

Hazardous Materials Regulations Board

SPECIAL PERMITS ISSUED

AUGUST 9, 1971.

Pursuant to Docket No. HM-1, Rule-making Procedures of the Hazardous Materials Regulations Board, issued May 22, 1968 (33 F.R. 8277) 49 CFR Part 170, following is a list of new DOT Special Permits upon which Board action was completed during July 1971:

Special permit No.	Issued to—Subject	Mode or modes of transportation
AA210	ASM Enterprises, Inc., Pine Bluff, Arkansas, to ship methylacetylene-propadiene stabilized in a privately owned unit incorporating a cargo tank of 1,200-gallon water capacity.	Highway.
AA211	ASM Enterprises, Inc., Pine Bluff, Arkansas, to ship methylacetylene-propadiene, stabilized in a privately owned unit incorporating a cargo tank of 1,168-gallon water capacity.	Highway.
6045	Union Carbide Corporation, Tarrytown, New York, to ship carbon bisulfide (disulfide) in specially designed MC-312 cargo tanks having 4,500-gallon nominal water capacity.	Highway, Water.
6381	Shippers registered with this Board to ship perchloro-methyl-mercaptan in monel portable tanks comparable to DOT-specification 51.	Rail, Highway.
6484	Commercial Solvents Corporation, Terre Haute, Indiana, to ship certain nitromethane mixtures in MC-307 or MC-312 tank motor vehicles.	Highway.
6486	Hardesty Welding Supplies, Inc., Evansville, Indiana, to ship certain compressed gases in DOT-3A, 3AA, cylinders having a 10-year hydrostatic retest.	Rail; Highway.
6487	MTMTS Headquarters, Department of the Army, Washington, D.C., to ship a liquid high explosive in DOT-42B aluminum drums.	Rail, Highway.
6488	Shippers registered with this Board to ship certain cyanides, solid in DOT-12B40 fiberboard boxes with inside polyethylene bottles not over five pounds capacity each.	Rail, Highway.
6489	Shippers registered with this Board to ship fissile and large quantities of radioactive materials, n.o.s. in the U.K. Model GB-999B shipping cask.	Rail, Highway, water.
6490	Shippers registered with this Board to ship large quantities of radioactive materials, special form in the National Institutes of Health (NIH) Irradiator.	Highway.
6491	International Chemical & Nuclear Corporation, Irvine, Calif., to make one shipment of a large quantity of radioactive material, n.o.s., in a solidified bottom section of a concrete, steel-reinforced tank (storage pool).	Highway.
6492	Brammer Welding Supply Co., Inc., Lynchburg, Va., to ship certain compressed gases in DOT-3A, 3AA cylinders having a 10-year hydrostatic retest.	Rail, Highway.
6494	Shippers registered with this Board to ship Bromotrifluoromethane in nonrefillable, non-DOT specification steel cylinders.	Highway.
6495	Shippers registered with this Board to ship large quantities of fissile radioactive materials, n.o.s., in the Paducah Demonstration Cask.	Highway.
6496	Shippers registered with this Board to ship Methyl parathion mixtures contalning not more than 50% methyl parathion, not exceeding 10 pounds per gallon, in DOT Spec. 37D steel drums.	Rail, Highway.
6497	FMC Corporation, New York, N.Y., to ship Furadan 75% wettable powder in steel portable tanks complying with proposed DOT-56A specification.	Rail, Highway.
6498	Shippers registered with this Board to ship compressed, air, argon, carbon dioxide, hellum, nitrogen and nitrous oxide in non-DOT specification seamless cylinders made of aluminum alloy, designated 6351-T6.	Rail, Highway.
6499	Shippers registered with this Board to ship Hexamethylene diamine solution in AAR 206W stainless steel tank cars.	Rail.

G. ROUSSEAU,
Alternate Secretary.

[FR Doc.71-11955 Filed 8-16-71;8:56 am]

ATOMIC ENERGY COMMISSION

[Dockets Nos. 50-369, 50-370]

DUKE POWER CO.

Establishment of Atomic Safety and Licensing Board and Designation of Third Member of Atomic Safety and Licensing Appeal Board

On June 30, 1971, the Commission published in the FEDERAL REGISTER (36 F.R. 12323) a notice of hearing concerning the application for construction permits for two pressurized water nuclear reactors filed by Duke Power Co. (William B. McGuire Nnclear Station, Units 1 and 2). That notice indicated the licensing Board for this proceeding would be designated at a later date, and that notice of its membership would be published in the FEDERAL REGISTER.

Pursuant to the Atomic Energy Act of 1954, as amended, the regulations in Title

10, Code of Federal Regulations, Part 2 (Rules of Practice) and the notice of hearing referred to above, notice is hereby given that the Licensing Board in this proceeding will consist of Dr. Clarke Williams, Long Island, N.Y.; Dr. Richard L. Doan, Idaho Falls, Idaho; and Nathaniel H. Goodrich, Esq., Washington, D.C., Chairman, Dr. Harry Foreman, Minneapolis, Minn., has been designated as a technically qualified alternate, and Edward Diamond, Esq., Cupertino, Calif., has been designated as an alternate qualified in the conduct of administrative proceedings.

As provided in the notice of hearing, the date and place of a prehearing conference will be set by the Board, and the date and place of the hearing will be set at or after the prehearing conference.

The notice of hearing also indicated the Commission would later designate the third member of the Atomic Safety and Licensing Appeal Board, to which it had delegated its authority and review function which would otherwise be exercised or performed by it in this proceeding. Notice is hereby given that the Commission has now designated Dr. Lawrence R. Quarles, Dean of the School of Engineering and Applied Science, the University of Virginia, as the third member of the Atomic Safety and Licensing Appeal Board.

Dated at Germantown, Md., this 11th day of August 1971.

UNITED STATES ATOMIC ENERGY COMMISSION,
W. B. McCOOL,
Secretary of the Commission.

[FR Doc.71-11870 Filed 8-16-71;8:50 am]

CIVIL AERONAUTICS BOARD

[Dockets Nos. 22628, 20993]

INTERNATIONAL AIR TRANSPORT ASSOCIATION

Order Regarding Currency Matters

Issued under delegated authority August 9, 1971.

Agreement adopted by the Traffic Conferences of the International Air Transport Association relating to currency matters, Dockets 22628, 20993, Agreement CAB 22537, R-1 through R-3.

By Order 71-7-121, dated July 21, 1971, action was deferred, with a view toward eventual approval, on an agreement adopted by the Traffic Conferences of the International Air Transport Association (IATA). The agreement would amend the existing IATA resolutions governing rates of exchange and the rounding off of passenger fares and cargo rates so as to reflect the implementation of a decimal currency system in Gambia.

In deferring action on the agreement, 10 days were granted in which interested persons might file petitions in support of or in opposition to the proposed action. No petitions have been received within the filing period and the tentative conclusions in Order 71-7-121 will herein be made final.

Accordingly, it is ordered, That:

Agreement CAB 22537, R-1 through R-3, be and hereby is approved.

This order will be published in the FEDERAL REGISTER.

[SEAL] HARRY J. ZINK,
Secretary.

[FR Doc.71-11943 Filed 8-16-71;8:53 am]

ENVIRONMENTAL PROTECTION AGENCY

2,4-BIS(ISOPROPYLAMINO)-6-METHYLTHIO-s-TRIAZINE

Notice of Extension of Temporary Tolerances

Ciba-Geigy Corp., Ardsley, N.Y. 10502, was granted temporary tolerances for residues of the herbicide 2,4-bis(isopropylamine)-6-methylthio-*s*-triazine in or on soybean fodder and forage at 1 part per million and soybeans at 0.25 part per million on August 8, 1969 (notice was published in the FEDERAL REGISTER of August 15, 1969 (34 F.R. 13286)).

The firm has requested a 1-year extension to obtain additional experimental data. It is concluded that such extension will protect the public health. A condition under which these temporary tolerances are extended is that the herbicide will be used in accordance with the temporary permit which is being issued concurrently by the Environmental Protection Agency and which provides for distribution under the Ciba-Geigy Corp. name.

This temporary tolerance will expire July 1, 1972.

This action is taken pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 408(j), 68 Stat. 516; 21 U.S.C. 346a(j)), the authority transferred to the Administrator (35 F.R. 15623), and the authority delegated by the Administrator to the Deputy Assistant Administrator for Pesticides Programs of the Environmental Protection Agency (36 F.R. 9038).

Dated: August 10, 1971.

WILLIAM M. UPHOLT,
Deputy Assistant Administrator for Pesticides Programs.

[FR Doc.71-11835 Filed 8-16-71;8:46 am]

CIBA-GEIGY CORP.

Notice of Filing of Petition Regarding Pesticide Chemical

Pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409 (b)(5), 72 Stat. 1786; 21 U.S.C. 348(b)(5)), notice is given that a petition (FAP 2H2663) has been filed by Ciba-Geigy Corp., Ardsley, N.Y. 10502, proposing issuance of a food additive tolerance (21 CFR Part 121) of 9 parts per million for residues of the insecticide isopropyl 4,4'-dibromobenzilate in or on dried citrus pulp. Such residues would result from application of the insecticide to citrus fruit, as proposed in Pesticide Petition No. 1F1049 (notice of which was published in the FEDERAL REGISTER of November 11, 1970 (35 F.R. 17364)) submitted under sec. 408(d)(1), 68 Stat. 512; 21 U.S.C. 346a(d)(1) of the Act.

Dated: August 10, 1971.

WILLIAM M. UPHOLT,
Deputy Assistant Administrator for Pesticides Programs.

[FR Doc.71-11836 Filed 8-16-71;8:46 am]

CYPRAZINE

Notice of Reextension of Temporary Tolerance

Gulf Oil Corp., Gulf Building, Pittsburgh, Pa. 15230, was granted a temporary tolerance of 0.1 part per million for residues of the herbicide cyprazine (2-chloro-4-(cyclopropylamino)-6-(isopropylamino)-*s*-triazine) in or on the raw agricultural commodities fresh corn including sweet corn (kernels plus cob with husk removed), corn grain (including popcorn), and corn fodder and forage (including field corn, popcorn, and sweet corn) on May 7, 1969 (notice was published in the FEDERAL REGISTER of May 14, 1969 (34 F.R. 7664)). At the request of the firm, the temporary tolerance was extended to May 7, 1971 (notice was published in the FEDERAL REGISTER of March 13, 1970 (35 F.R. 4525)).

The firm has requested an additional 1-year reextension to obtain additional experimental data. It is concluded that such reextension will protect the public health. A condition under which this temporary tolerance is reextended is that the herbicide will be used in accordance with the temporary permit which is being issued concurrently by the Environmental Protection Agency and which provides for distribution under the Gulf Oil Corp. name.

This temporary tolerance will expire May 7, 1972.

This action is taken pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 408(j), 68 Stat. 516; 21 U.S.C. 346a(j)), the authority transferred to the Administrator (35 F.R. 15623), and the authority delegated by the Administrator to the Deputy Assistant Administrator for Pesticides Programs of the Environmental Protection Agency (36 F.R. 9038).

Dated: August 10, 1971.

WILLIAM M. UPHOLT,
Deputy Assistant Administrator for Pesticides Programs.

[FR Doc.71-11837 Filed 8-16-71;8:46 am]

FEDERAL MARITIME COMMISSION

CERTIFICATES OF FINANCIAL RESPONSIBILITY (OIL POLLUTION)

Notice of Certificates Issued

Notice is hereby given that the following vessel owners and/or operators have established evidence of financial responsibility, with respect to the vessels indicated, as required by section 11(p)

(1) of the Federal Water Pollution Control Act, as amended, and, accordingly have been issued Federal Maritime Commission Certificates of Financial Responsibility (Oil Pollution) pursuant to Part 542 of Title 46 CFR.

Certificate No.	Owner/operator and vessels
01037	Skips A/S Tautra and Skibs A/S Trolla: Trava. Tautra.
01103	Poseidon Schiffahrt Gesellschaft Mit Beschrankter Haftung: Transcanada.
01125	N.V. Ubem S.A. (Union Belge D'Enterprises Maritimes: Stolt Boel.
01221	Skibsaktieselskapet Nordhav, Skibsaktieselskapet Sydhav and Skibsaktieselskapet Osthav, Manager Mr. Per Lodding: Osthav.
01306	Shaw Savill & Albion Co., Ltd.: Atlantic Jamaican.
01360	Midland Enterprises, Inc.: Martha B. Freeport 1. Freeport 2.
01426	Kuwait Shipping Co. (S.A.K.): Al Guraiaiah. Al Khalidiah. Al Omariah.
01428	The Ocean Steam Ship Co., Ltd.: Perang.
01591	Nemeo Shipping Corp.: Nemeo.
01758	Chotin Transportation, Inc.: Chotin 1319. Chotin 1318. Chotin 1317. Chotin 3290.
01910	Deutsche Dampfschifffahrts-Gesellschaft "Hansa": Geyerfels.
02124	Professor Stratis G. Andreadis (Partnership): Georgios F. Andreadis.
02220	Fos Shipping Co., Ltd.: Panagia. Michris. Caroline.
02234	Gulf Misdisaippi Marine Corp.: Gulf Fleet No. 200. Gulf Fleet No. 181. Gulf Fleet No. 180. Gulf Fleet No. 208.
02292	Pacific Marine Transport Co., Ltd.: Hongkong Dignity.
02364	Breaux Oil Co., Inc.: N.B.C. 409. N.B.C. 465.
02365	Leon E. Breaux Towing, Inc.: Caribe 71. A P C 2618.
02448	Rederiaktiebolaget Nordstjernan: Pacific.
02458	The China Navigation Co., Ltd.: New Guinea Chief.
02465	Koch-Ellis Marine Contractors, Inc.: KE-17. KE-18. KE-24. KE-25. KE-26. KE-27. KE-29. KE-28. KE-30. KE-36. KE-37. KE-38.
02480	I.B.C. Co.: IBC No. 16. IBC No. 17. IBC No. 18. IBC No. 19.
02551	Ellerman Lines, Ltd.: City of Ottawa.
02572	Ashburn Shipping Co., Ltd.: Ashburn.
02728	Societe Ivoirienne de Transport Maritime: Bambara.
02826	Refineria Panama S.A.: Seatown. Oilbar No. 4. Oilbar No. 3. Taboga.
02846	Heritage Navigation Co., Ltd.: Marita.
02891	Harbor Towing Corp. Delmarva 145. Wm. J. Bryan. Del-Mar-Va No. 1. M.P. No. 23. Shamrock. Harry. George E. Suburban 379.
02959	Kokuyo Kaiun K.K.; Tsukikawa Maru.
03453	Kyosei Kisen Kabushiki Kaisha: Seiyo Maru.
03503	Shofuku Kisen K.K.: Nagara Maru.
03641	Hendy International Co.: Puerto Rican.
03882	Societe Monegasque de Transports Petroliers: La Condamine.
04099	Waterways Marine of Memphis Inc.: WW 3.
04156	Marine Salvage Corp.: Brown 420. Brown 320. Brown 220.
04173	Foss Launch & Tug Co.: Arthur Foss. Alaska Husky. Foss 201. Foss 200. Foss 202. Foss 208. Foss 204. Foss 207. Foss 209. Foss 210. Foss 272. Foss 255. Foss 256. Foss 93. Foss 260. Vanliner 275. Foss 244. Foss 98. Vanliner 280. Foss 252. Foss 240. Foss 241. Foss 242. Foss 243. Foss 118. Foss 290. Foss 291. Foss 111. Foss 251. Foss 250. Foss 265. Foss 99. Foss 95. Foss 90. Foss 180. Foss 182. Foss 183. Foss 184. Foss 185. Sea 76. Foss 172. Foss 300. Foss 109. Foss 108. Foss 145. Foss 173.
04196	Otto Candies, Inc.: ACH-13. Maycan I. OC-602. OC-601.
04285	Western Contracting Corp.: Barge 503-N. Barge 504-N. Western Brave. Barge 516-N. Barge 515-N. Barge 512-N. Barge 513-N. Barge 527-N. Western Scout. Western Hunter. Western Chief.
04298	Utah Construction & Mining Co.: Franciscan. Butte. San Joaquin.
04314	Jadranska Slobodna Plovidba—Split: Alka. Makarska. Split. Zenica. Vares. Jadro. Uskok. Matija Gubec. Matija Ivanic. Marko Oreskovic. Mosa Pijade.
04357	Koninklijke Nedlloyd N.V.: Nedlloyd Katwijk.
04392	Radcliff Materials Inc.: Flamingo. Albatross. Mallard.
04428	Franco Compania Naviera S.A.: Despina.
04431	Tropical Shipping & Construction Co., Ltd.: Tropic Haven.
04432	Worldwide Surveys Ltd.: R. C. Dunlap.
04441	Pacific Hawaiian Line, Inc.: Diamond Head. Koko Head. Henry Foss.
04458	Naviera Artola S.A.: Aralar.
04469	Choshomaru Gyogyo Kabushiki Kaisha: Chosho Maru No. 12.
04518	Tokusui Kabushiki Kaisha: Kakimaru No. 2.
04546	Mr Toshikazu Miki: Kyowa Maru No. 2.

Certificate No.	Owner/operator and vessels
04609---	Standard Dredging Corp.:
	Cartagena.
	Diesel.
	Miami.
	Orleans.
	SD 266.
	SD 254.
	Burlington.
	Alabama.
	SD 248.
	SD 265.
	Cayman.
	SD 257.
	Vicksburg.
04612---	O. F. Shearer & Sons, Inc.; Winchester.
04625---	American Commercial Lines, Inc.:
	Chem 400.
	Chem 401.
	Chem 304.
	Chem 305.
	Chem 300.
	Chem 301.
	Chem 302.
	Chem 303.
	Chem III.
	J. E. Alquist.
	Patrick Calhoun, Jr.
	Chem 200.
	Chem 201.
	Chem 202.
	Chem 203.
	Chem 204.
	Chem 205.
	Chem 206.
	Chem 207.
	Chem 208.
	Chem 209.
	Chem 210.
	Chem 211.
	Chem 212.
	Chem 213.
	Chem 214.
	Chem 215.
	Chem 216.
	Chem 217.
	Chem 218.
	Chem 219.
	Chem 220.
	Chem 221.
	Chem 10.
	Chem 11.
	Chem 23.
	Chem 24.
	Chem 35.
	Chem 36.
	Chem 37.
	Chem 55.
	Chem 56.
	Chem 57.
	Chem 13.
	Chem 47.
	Chem 48.
	Chem 49.
	Chem 70.
	Chem 71.
	Chem 73.
	Chem 74.
	Chem 75.
	Chem 76.
	Chem 12.
	Chem 38.
	Chem 39.
	Chem 40.
	Chem 41.
	Chem 42.
	Chem 43.
	Chem 44.
	Chem 45.
	Chem 46.
	Chem 58.
	Chem 59.
	Chem 60.
	Chem 61.
	Chem 62.
	Chem 63.
	Chem 72.
	Chem 77.
	Chem 78.
	Chem 79.
	Chem 80.
	Chem 81.
	Chem 82.
	Chem 83.
	Chem 83.
	Chem 84.
	Chem 85.
	Chem 86.
	Chem 87.
	Chem 88.
	Chem 89.
	Chem 7.
	Chem 8.
	Chem 8.
	Chem 9.
	Chem 20.
	Chem 21.
	Chem 22.
	Chem 30.
	Chem 31.
	Chem 32.
	Chem 33.
	Chem 50.
	Chem 51.
	Chem 52.
	Chem 53.
	Chem 54.
	Chem 54.
	Chem 90.
	Chem 91.
	Chem 92.
	Chem 93.
	Chem 94.
	Chem 95.
	Chem 96.
	Chem 97.
	ACBL 600.
	ACBL 601.
	ACBL 602.
	Chem V.
	R. W. Naye.
	Charles E. Peters.
	Chem IV.
	Clyde Butcher.
	Dell Butcher.
	Floyd H. Blaske.
	Hugh C. Blaske.
	Jack D. Wofford.
	Chem I.
	J. W. Hershey.
	Jeffboat.
	James L. Hamilton.
	City of Joliet.
	Trade Winds.
	ACBL 2111.
	ACBL 2112.
	ACBL 2113.
	ACBL 2114.
	ACBL 2115.
	ACBL 2116.
	ACBL 2117.
	ACBL 2118.
	ACBL 2119.
04627---	Inland Tugs Co.:
	Steamer Gona.
	Joe Pickering.
	WF 12.
	CTC 1002.
	I. F. Freiberger.
	Raymond E. Salvati.
	Philip Sporn.
	Andrew Calhoun.
	Albert F. Holden.
	James Bowie.
	Stephen F. Austin.
	La Salle.
04634---	T. Smith & Son., Inc.:
	Mammouth.
	Terence.
	Patricia.
	Mickey.
	Sharon.
	Willian.
	Bob.
	Arthur Breaux.
	Penny.
04660---	Sociedade Geral de Comercio, Industria e Transportes, Sarl:
	Ana Mafalda.
04665---	Panagos Shipping Co., Ltd.:
	S/S Panagos L.
04683---	Partenreederei M.V. Burhaversand:
	Burhaversand.
04684---	Partenreederei M.V. Stollhammersand:
	Stollhammersand.
04685---	Partenreederei M.V. Marocsand:
	Marocsand.
04686---	Partenreederei M.V. Baltrumersand:
	Baltrumersand.
04687---	Partenreederei M.V. Borkumersand:
	Borkumersand.
04688---	Partenreederei M.V. Mellumersand:
	Mellumersand.
04689---	Partenreederei M.V. Beckumersand:
	Beckumersand.
04690---	Partenreederei M.V. Brakersand:
	Brakersand.
04691---	Partenreederei M.V. Nordenhamersand:
	Nordenhamersand.
04692---	Partenreederei M.V. Lockfliethersand:
	Lockfliethersand.
04693---	Partenreederei M.V. Lemwerdersand:
	Lemwerdersand.
04694---	Partenreederei M.V. Eckwardersand:
	Eckwardersand.
04696---	Partenreederei M.V. Bostonsand:
	Bostonsand.
04697---	Partenreederei M.V. Tegelersand:
	Tegelersand.
04698---	Partenreederei M.V. Seefeldersand:
	Seefeldersand.
04740---	Elmini Lake Inc:
	Mini Lake.
04804---	Weathers Towing Co., Inc.:
	George Weathers.
04837---	Invemar Lines Inc.:
	M/V Uniserv.
	M/T Tina.
	M/V Ivana.
04873---	Conpania Espanola de Petroleos
	Talavrea.
	San Marcial.
	Albuera.
	Vitoria.
04933---	The Revilo Corp.:
	NBC No. 547.
	NBC No. 512.
	Revilo No. 5.
	NBC No. 540.
	Iowa No. 922.
04985---	C.V. M/S Pacific:
	Pacific.
05021---	Miami Barge Lines, Inc.:
	Rinerstide.
05022---	Riverside Barge Lines, Inc.:
	Riverside 3.
	Riverside 2.
05040---	General Construction Co.:
	Frisco.
	Missouri.
	Washington.

Certificate No.	Owner/operator and vessels
	GC 60.
	Dalles.
	Beaver.
	Burrard.
	GC 32.
	Portland.
	Astoria.
	GC 34.
	GC 20 (H & M).
05055---	People-to-People Health Foundation, Inc.:
	S/S Hope.
05292---	N.V. Sheepvaart— & Handelmij. Westerpark:
	Ketty.
	Dorthia.
05293---	Scheepvaart— & Handelmij, Marico N.V.:
	Eny—H.
05294---	Scheepvaart— & Handelmij, Noorderpark N.V.:
	Anne.
05351---	Falcon Tankers, Inc.:
	S/S Falcon Lady.
05383---	Lineas Pinillos.
	Lago Victoria.
	Esla.
	Genil.
	Sanabria.
	Como.
	Garda.
	Lago San Maurico.
	Lago Negro.
	Lago Ercina.
	Arga.
	Ter.
	Miguel Martinez de Pinillos.
	Duero.
	Carmen Martinez de Pinillos.
05407---	Evergreen Marine Corp. S.A.:
	M/V Ever Glory.
	M/V Ever Ocian.
05486---	Ocean Tramp Tankers Corp.:
	Emmanuel Marcou.
05512---	Union Barge Line Corp.:
	Redbird.
	Bluebird.
	Northern.
	Peace.
	Eastern.
	Goldfinch.
	Western.
	Mariner.
	Navigator.
	324.
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	904.
	905.
	PPG–226.
	PPG–227.
	IC–15.
	M–3.
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	2610.
	4903.
	4904.
	4905.
	4906.
	4602.
	4907.
	4901.
	4902.
	4601.
	Union Barge Line Corp. Landing Boat.
05523---	Chemco Bulk Carriers, Inc. (Owners) and/or Melville Shipping & Trading Ltd. (Managing Agents):
	Savonetta.
05536---	Naviera Azta, S.A.:
	El Centromamericano.
05645---	National Sea Products, Inc.:
	Storm.
	Ocean.
	Tide.
	Surf.
	Wave.
	Crest.
05646---	Ethnikos Ploutos Shipping Co., S.A.:
	Okeanis.
05648---	Alafouzos Shipping Co., Ltd.:
	Capetan Giannis.
05675---	Flota Mercante Gran Centroamericana, S.A.:
	Gran Lempira.
	Quetzaltenango.
05734---	Federico E. Ford, S.A.:
	Don Fred.
05742---	Vroon's Handels & Scheepvaartonderneming N.V.:
	Belgian Wxpress.
05746---	Campnella Corp.:
	Pittsburgh.
	PRR 44.
M–05772	St. Louis Ship—Division of Pott Industries Inc.:
	Vessels held for purposes of construction, scrapping, or sale, but not including vessels over 2,000 gross tons.
M–05773	Paducah Marine Ways, Inc.:
	Vessels held for purposes of construction, scrapping, or sale, but not including vessels over 2,000 gross tons.
05775---	Good Luck Shipping Co., Ltd.:
	Good Luck.
05875---	Casey Line Inc.:
	Bay Belle.
05892---	Luedtke Engineering Co.:
	Derrickboat No. 16.
	Derrickboat No. 12.
	Derrickboat No. 10.
05903---	Odin Navigation Co. S.A.:
	Regent Vanda.
	Hollyhock.
05911---	Bute Towing Ltd.:
	Bute No. 1.
	Bute No. 2.
	Bute No. 3.
	Bute No. 5.
	Bute No. 6.
	Transporter No. 2.
05937---	Pomona Co. Inc.:
	Marion.
05947---	Kabushiki-Kaisha Yamaguchi-Ken Gyogyo Kosha:
	Bochu Maru No. 3.
05948---	Estrellamar Compania Maritima S.A. Panama R.P.:
	Sunday.
05954---	Intercontinental Oceanic Enterprises Corp.:
	Mitsa.
05967---	Ocean Burning, Inc.:
	Ocean Burning No. 1.
	Ocean Burning No. 2.
05989---	Mr. Hidenori Oonishi:
	Kokei Maru No. 8.
05998---	Navarino Shipping & Transport Co., Ltd., Piraeus:
	Prosperity.
	Felicity.
	Agility.
	Dignity.
	Integrity.
	Sincerity.
06003---	Elire Shipping Co., S.A., Panama:
	M/V Elias Xikas.
06004---	Tharros Shipping Co., S.A., Panama:
	M/V Irene Xilas.
06005---	Eroica Shipping Co., S.A. Panama:
	M/V Ioanis Xilas.
06007---	Exormisis Shipping Co., S.A., Panama:
	M/V Aristikes Xilas.
06008---	Efthalasia Shipping Co., S.A., Panama:
	M/V Antonia Xilas.
06009---	Exaplosis Shipping Co., S.A., Panama:
	M/V Mary Xilas.
06010---	Evlogia Shipping Co., S.A., Panama:
	M/V Mihalios Xilas.
06014---	Compania de Navigacion Andria S.A.:
	Eleni.
06023---	Panamic Shipping Co., S.A., Panama:
	Toxotis.
06024---	Double W. Towing Co., Inc.:
	Patricia Ann.
06025---	Sanpan Towing Co., Inc.:
	Molly M.
06042---	Luzon Stevedoring Corp.:
	Alkene.
06048---	Frangmouge Compania Naviera S.A.:
	Good Hope.
06049---	Solon Shipping Co. Nicosia Cyprus:
	Good Faith.
06050---	Sincerity Shipping Co., Ltd.:
	Good Wish.
06051---	Franicons Compania Naviera S.A.:
	Pergamos.

Certificate No.	Owner/operator and vessels
06052	Marukyo Suisan Kabushiki Kaisha: Nadayoshi Maru No. 5. Nadayoshi Maru No. 3. Nadayoshi Maru No. 1.
06057	Pennwalt Corp.: PSC 202. ABL 102.
06059	Vroulidia Maritime Corp., S.A., Panama: M/V Marcos M.F.
06060	Sunshine Shipping Co., S.A., Panama: Sunshine.
06069	Louisiana Bunkers, Inc.: Sea Leader.
06070	Konkar Intrepid Corp.: Konkar Intrepid.
06083	Tideland Oil Transportation, Inc.: NBC-585. CT-829. MBL-604.
06085	Alpina Reederei AG.: Ascona.
06089	Naviera Rivadeluna (Excma Sra. Da. Mercedes de Luna—Viuda de Riva): Rivademar.
06091	Ernst Russ on Behalf of Partenreederei MV Carsten Russ: Carsten Russ.
06092	John W. Stone Oil Distributor, Inc.: S No. 3. S No. 2.
06093	Ruth Marina S.A.: T/S Ruthlena.
06094	Società Siciliana Servizi Marittimi: Benadir.
06095	Helmville Ltd.: David Marquess of Milford Haven. Jocelyne.
06096	Partenreederei MS Scilla: Scilla.
06099	Geophoto Services Ltd.: J. E. Jonsson.
06110	Western Freedom Shipping Co.: Pacprince.
06113	Ming Ben Navigation Co., Ltd. S.A.: M/V Ming Ren.
06115	Cosatmar S.P.A. — Compagnia Sarda Trasporti Marittimi: Marilen. Fiamma.
06117	Helmut Bastian Reederei: Kormoran Isle. Pinguin.
06119	M/S Hermann Wesch: Hermann Wesch.
06120	Plaquemines Bunkers, Inc.: Sea Hornet.
06121	Charles S. Wallace III, Inc.: Sea Raider II.
06122	Mares Neptunea S.A. Panama: Johs P.
06125	Lion Transportation Corp.: St. Lawrence.
06126	Aquanav Lines Inc.: Aaron.
06127	Aquarius Seaways Transport Inc.: Dolly.
06128	Queen Fisheries, Inc.: D/V East Point.
06131	Leopard Shipping Co. (1969) Ltd.: Deuterornis.
06132	Sardanavi-Sovieta' di Navigazione Marittima S.A.P.: Sardinia Weipa.
06136	Esonilita Compania Naviera S.A.: Sea Breeze.
06138	Pan-Pacific Navigation Co. Inc.: Pacific Era.
06139	Indo-Pacific Corp. of Monrovia: Trikora Djaya.
06140	Ocean Bulkers, Inc.: Pacific Saga.
06142	Kaigai Makiami Gyogyo Kabushiki Kaisha: Nipon Maru.
06143	Koyu Gyogyo Seisan Kumiai: Takamiya Maru No. 7.
06146	The Nippon Salvage Co., Ltd.: M/S Koyo Maru.
06148	First Omega Shipping Inc.: Solingen.
06149	Thomas Towing Corp.: T. 128.
06150	Lineas Asmar, S.A.: Magdalena Del Mar.
06152	Elmini Lory, Inc.: Mini Lory.
06153	Elmini Lux, Inc.: Mini Lux.
06154	Elmini Law, Inc.: Mini Law.
06155	Elmini Look, Inc.: American Main.
06157	Elmini Leaf, Inc.: Mini Leaf.
06158	Sunbeam Shipping Co., S.A.: Chrysanthy M. Lemos.
06163	Orinoco Mining Co.: Icoa.
06165	Soponata-Sociedade Portugesa de Navios Tanques Limitada: Larouco. Jeci. Inago. Herminios. Geres. Fogo. Erati. Dondo. Cercal.
06166	Hobart-Trotter Towing, Inc.: Dorothy Hobart.
06170	The Deltona Corp.: Western Hunter.
06171	Manila Interocean Lines, Inc.: M/V Irene. M/V Marie Ann.

By the Commission.

FRANCIS C. HURNEY,
Secretary.

[FR Doc.71-11944 Filed 8-16-71;8:56 am]

[Independent Ocean Freight Forwarder License 387]

UNITED SHIPPING CORP.

Order of Revocation

AUGUST 12, 1971.

On July 27, 1971, the Commission received notification from Herbert Kadel, President, United Shipping Corp., 11 Broadway, New York, NY, advising that he wished to surrender the license of that concern because it was no longer in the business of forwarding. The license was received by the Commission on July 28, 1971.

Therefore, by virtue of authority vested in me by the Federal Maritime Commission as set forth in Manual of Orders, Commission Order No. 1 (revised) section 7.04(f) (dated September 29, 1970):

It is ordered, That the Independent Ocean Freight Forwarder License No. 387 of United Shipping Corp., be and is hereby revoked effective July 28, 1971, without prejudice to reapplication for a license at a later date.

It is further ordered, That a copy of this order be published in the FEDERAL REGISTER and served upon United Shipping Corp.

AARON W. REESE,
Managing Director.

[FR Doc.71-11945 Filed 8-16-71;8:53 am]

SHAW SAVILL AND ALBION CO., LTD.

Notice of Application for Casualty Certificate

Security for the protection of the public; financial responsibility to meet liability incurred for death or injury to passengers or other persons on voyages.

Notice is hereby given that the following persons have applied to the Federal Maritime Commission for a Certificate of Financial Responsibility To Meet Liability Incurred for Death or Injury to Passengers or Other Persons on Voyages pursuant to the provisions of section 2, Public Law 89-777 (80 Stat. 1356, 1357) and Federal Maritime Commission General Order 20, as amended (46 CFR Part 540):

Shaw Savill & Albion Co., Ltd., Lloyd's Building, 14-19 Leadenhall Street, London, E.C.3. England.

Dated: August 12, 1971.

FRANCIS C. HURNEY,
Secretary.

[FR Doc.71-11947 Filed 8-16-71;8:53 am]

SHAW SAVILL AND ALBION CO., LTD.

Notice of Application for Performance Certificate

Security for the protection of the public; indemnification of passengers for nonperformance of transportation.

Notice is hereby given that the following persons have applied to the Federal Maritime Commission for a Certificate of Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation pursuant to the provisions of section 3, Public Law 89-777 (80 Stat. 1357, 1358) and Federal Maritime Commission General Order 20, as amended (46 CFR Part 540):

Shaw Savill & Albion Co., Ltd., Lloyd's Building, 14-19 Leadenhall Street, London, E.C.3. England.

Dated: August 12, 1971.

FRANCIS C. HURNEY,
Secretary.

[FR Doc.71-11946 Filed 8-16-71;8:53 am]

FEDERAL POWER COMMISSION

[Docket No. CP69-41]

ALGONQUIN GAS TRANSMISSION CO.

Notice of Petition To Amend

AUGUST 13, 1971.

Take notice that on August 10, 1971, Algonquin Gas Transmission Co. (Petitioner), 1284 Soldiers Field Road, Boston,

MA 02135, filed in Docket No. CP69–41 a petition to amend the order of the Commission heretofore issued in said docket on March 4, 1969 (41 FPC 201), pursuant to section 7(c) of the Natural Gas Act, by authorizing an extension of the time within which petitioner shall complete and place into actual operation certain facilities, to modify the order to permit the inclusion of the cost of certain facilities in its rate base, and for authorization to sell and deliver synthesized natural gas (SNG) to certain of its existing customers, all as more fully set forth in the petition to amend which is on file with the Commission and open to public inspection.

The order of March 4, 1969, authorized, inter alia, the construction and operation of certain pipeline and compressor facilities to enable petitioner to meet the increasing natural gas requirements of its customers. This construction was to be completed, as required, over a 3-year period commencing in 1969. Petitioner states that these facilities were projected upon the availability of additional volumes of natural gas from Texas Eastern Transmission Co. (Texas Eastern), petitioner's sole supplier of natural gas. These additional volumes are not forthcoming and petitioner states that it has delayed the construction of certain of the facilities.

To meet the natural gas requirements of its customers, petitioner states that it has entered into a contract with its subsidiary, Algonquin SNG, Inc., for the purchase of up to 120,000 Mcf per day of SNG. Algonquin SNG, Inc., has filed in Docket No. CP72–35 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of an SNG plant, storage, pipeline, and appurtenant facilities and the sale and delivery of the SNG to petitioner. This SNG is not to be available until October 1973.

Petitioner states that the facilities hereinbefore authorized will be employed to make the volumes of SNG purchased from Algonquin SNG, Inc., available to its customers. Therefore, petitioner requests an extension until March 4, 1974, of the time within which it may complete and place into actual operation the aforementioned facilities. Petitioner seeks authorization to sell and deliver up to 120,000 Mcf per day of the SNG to its existing customers.

The order of March 4, 1969, provides that any of the facilities constructed pursuant to the authorization granted therein shall be excluded from petitioner's rate base in any rate proceeding until such time as Texas Eastern is authorized to provide the additional volumes requested by petitioner. Petitioner states that because the volumes of gas required for the operation of the facilities herein will be supplied by Algonquin SNG, Inc., it would be appropriate to remove this condition upon issuance of a certificate of public convenience and necessity to Algonquin SNG, Inc., in Docket No. CP72–35.

Any person desiring to be heard or to make any protest with reference to said petition to amend should on or before September 2, 1971, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the portestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71–12007 Filed 8–16–71;8:57 am]

[Docket No. CP72–35]

ALGONQUIN SNG, INC.

Notice of Application

AUGUST 12, 1971.

Take notice that on August 10, 1971, Algonquin SNG, Inc. (applicant), 1284 Soldiers Field Road, Boston, MA 02135, filed in Docket No. CP72–35 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of certain facilities which will be used to synthesize natural gas, to transport synthesized natural gas (SNG), and to sell and deliver quantities of SNG to Algonquin Gas Transmission Co. (Algonquin Gas), all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Specifically, applicant proposes to construct and operate an SNG processing plant together with storage and appurtenant facilities to be located at Freetown, Mass. This plant will synthesize liquid naphtha which will be received by applicant at a docking and terminal facility to be constructed at Fall River, Mass. To connect the two facilities, applicant proposes to construct approximately 3.7 miles of 20-inch pipeline and to employ this pipeline to transport the liquid naphtha from Fall River to Freetown. Applicant also proposes to construct and operate approximately 3.1 miles of 16-inch pipeline to connect the SNG plant in Freetown, with the natural gas transmission facilities of Algonquin Gas in Berkley, Mass.

Applicant seeks authorization to sell and deliver to Algonquin Gas up to 120,000 Mcf per day, commencing October 16, 1973, of the synthesized natural gas produced in the Freetown SNG plant.

The estimated cost of the facilities proposed herein is $39,484,000, which cost applicant states will be financed by equity received from its parent, Algonquin Gas, and by bank loans.

Any person desiring to be heard or to make any protest with reference to said application should on or before August 30, 1971, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act and the Commission's rules of practice and procedure, a hearing will be held without further notice before the Commission on this application if no petition to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for applicant to appear or be represented at the hearing.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71–11959 Filed 8–16–71;8:56 am]

[Docket No. RP72–16]

CASCADE NATURAL GAS CORP.

Notice of Proposed Changes in FPC Gas Tariff

AUGUST 9, 1971.

Take notice that on August 2, 1971, Cascade Natural Gas Corp. (Cascade) filed an "Amendatory Agreement" proposing changes in its FPC Gas Rate Schedule No. 1 to become effective September 1, 1971. The agreement between Cascade as supplier and Mountain Fuel Supply Co. (Mountain Fuel) as purchaser amends the existing contract to provide an increase to 31.75 cents per Mcf for sales of incremental volumes purchased by Cascade after July 23, 1971, to Mountain Fuel. Additionally the agreement provides for periodic 2-cent escalations and for increases in Cascade's cost of purchased gas. The company requests the Amendatory Agreement be placed in effect without suspension.

Cascade alleges its proposed changes are necessary to stimulate exploration programs in its area through the higher

contract prices it will be able to pay its producers for new supplies. Cascade notes the current wellhead price for new gas is 23.75 cents per Mcf in Cascade's supply area under Order No. 435, issued by the Commission on July 15, 1971, while its revenues for the sale of such gas is presently limited by contract to 22 cents per Mcf. Cascade contends there will be no immediate rate impact since such incremental volumes are not yet ready for delivery to Mountain Fuel or certificated to Cascade.

Copies of the filing were served on Mountain Fuel and the Public Service Commission of Utah.

Any person desiring to be heard or to make any protest with reference to said application should on or before August 20, 1971, file with the Federal Power Commission, Washington, D.C. 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make protestants parties to the proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11827 Filed 8-16-71;8:45 am]

[Docket No. E-7602]

CENTRAL TELEPHONE & UTILITIES CORP.

Order Granting Rehearing and Amending Previous Order

AUGUST 10, 1971.

A petition for rehearing was filed with the Federal Power Commission on June 16, 1971, by the Kansas Municipal Defense Group consisting of the cities of Cawker, Cimarron, Coats, Glasco, Glen Elder, Holyrood, Isabel, Jamestown, Lucas, Luray, Mankato, Montezuma, and Tipton, Kans.

On May 19, 1971, the Commission issued an order in this docket providing for hearing suspending in part and rejecting in part proposed rate schedule changes, initiating proceedings under section 206 of the Federal Power Act, and allowing intervention. The filing was accepted for the purpose of initiating proceedings under 205 of the Act insofar as petitioners were concerned but was rejected for such purposes insofar as cooperative customers were concerned. However, the portion of the proposed rate increased filing applicable to the cooperatives was treated as a complaint under 206 of the Act.

The stated reason in the Commission's order for treating the filing differently as applied to the cooperatives on one hand and to the petitioners on the other was that the cooperatives contract and the company rate schedule did not contain language from which it might be reasonably inferred that the parties contemplated rate changes on a unilateral basis while in the case of the petitioners such language was in their contracts. Specifically all of the petitioners contracts contain the paragraph:

> The rate schedule above referred to constitutes the present rate of Company for the class of service contracted for and is subject to change by order of the legally constituted ratemaking body having jurisdiction over the Companies rates.

Petitioners seek in general to have the Commission change its order of May 19, by rejecting Central's filing under section 205 of the Act because: (1) The paragraph cited in the Commission's order as justification for initiating the 205 proceeding contemplates a change in their effective rate schedules only after an investigation by the Commission under 206 of the Act; and (2) the Commission's construction of the municipals' contracts as set out in the order of May 19 would sanction "Central's patent and unjustifiable discrimination against its municipal wholesale customers with respect to terms and conditions of service."

On July 13, 1971, the Commission issued an order granting rehearing for the purpose of further consideration.

Because of the importance of the issues raised by petitioners, the Commission will grant rehearing. However, the scope of the issues raised by the municipals may be so broad as to require a substantial revision of our order of May 19. Consequently, before making a final determination on the relative positions of the parties, the Commission will require both Central and the cooperatives to file responses to the municipal petition.

Specifically, these responses may discuss the following alternatives:

(1) Central's filing should be rejected in its entirety.

(2) Central's filing should be accepted with respect to both the municipals and the cooperatives under section 205 of the Federal Power Act.

(3) Central's filing should be accepted under section 205 of the Act only as to the municipals but as initiating a complaint under section 206 of the Act as to the cooperatives.

(4) Central's filing should be rejected under section 205 of the Act but should be treated as initiating a complaint under section 206 as to both the municipals and the cooperatives.

The responding parties may also include such other matters as they deem necessary to establish their legal positions.

Since the submittal of responses as required in this order may affect the preparation of the primary case, the case schedule set out in the order of May 19, 1971, will be altered as designated below.

The Commission further finds:

(1) It is appropriate and in the public interest to grant rehearing on the Commission's order of May 19, 1971, in this docket.

(2) It is also appropriate and in the public interest to amend the case schedule as provided below.

The Commission orders:

(A) Rehearing on the order of May 19, 1971, is granted.

(B) Legal responses will be filed with the Commission no later than August 16, 1971, and shall conform to the requirements set out above.

(C) Ordering paragraph (F) of the order of May 19, 1971, is hereby amended by striking everything after the first sentence and substituting:

Staff will serve its direct case no later than October 4, 1971. Intervenors will serve their direct cases no later than October 18, 1971. Central's rebuttal evidence shall be served no later than November 1, 1971. A hearing shall be held at the offices of the Federal Power Commission, Washington, D.C., for the purposes of cross-examination of all evidence on November 16, 1971. A prehearing conference shall be held on September 24, 1971. Modification of the schedule set forth in this paragraph may only be granted upon good cause shown to the Presiding Examiner.

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11906 Filed 8-16-71;8:51 am]

[Docket No. RP71-18, etc.]

COLUMBIA GULF TRANSMISSION CO. ET AL.

Notice of Filing of Stipulation and Agreement

AUGUST 5, 1971.

Columbia Gulf Transmission Co., et al.; Dockets Nos. RP71-18 et al., RP71-33 et al.

Take notice that on July 22, 1971, Columbia Gulf Transmission Co., United Fuel Gas Co., Atlantic Seaboard Corp., Kentucky Gas Transmission Corp., The Ohio Fuel Gas Co., Cumberland and Allegheny Gas Co., the Manufacturers Light and Heat Co., and Home Gas Co. (Columbia System Companies) filed a stipulation and agreement proposing to settle the above styled Columbia System Companies' rate cases. The proposal provides for rate reductions, refunds of overcharges, future rate changes of suppliers, supplier refunds, Federal and State income taxes at stated rates, advance payments, depreciation rates, FPC annual assessments and Federal safety standards. The proposal sets out that the rates reflected in the stipulation and agreement reflect the use of liberalized depreciation with normalization and provides that in the event that the foregoing treatment is inconsistent with the final nonappealable order of the Commission in the Texas Eastern Transmission Corp., Docket No. RP70-29, revised tariff sheets will be filed to be effective prospectively and that appropriate refunds will be made. The tender is on file with the Commission and is available for public inspection.

Any person desiring to be heard or to make protest with reference to the filing should on or before August 23, 1971, file with the Federal Power Commission, 441 G Street NW., Washington, DC 20426, protests or comments in accordance with the Commission's rules of practice and procedure (18 CFR 1.10). All such tenders will be considered by the Commission in determining the appropriate action to be taken.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11907 Filed 8-16-71;8:51 am]

[Docket No. RP72-6]

EL PASO NATURAL GAS CO.

Order Suspending Proposed Tariff Sheets, Permitting Intervention, Fixing Date of Hearing, and Specifying Procedures

AUGUST 5, 1971.

El Paso Natural Gas Co. (El Paso) on July 6, 1971, tendered for filing proposed changes in its FPC Gas Tariff, Original Volume No. 1,[1] to become effective August 6, 1971, for the purpose of establishing measures to assure as reliable and adequate service to its customers as present natural-gas supplies and pipeline capacity will permit, pursuant to the policies expressed by the Commission in Order No. 431, issued April 15, 1971, in Docket No. R-418.[2] Notice of the filing was issued July 14, 1971, and published in the FEDERAL REGISTER on July 22, 1971, 36 F.R. 13633.

Petitions requesting leave to intervene in this proceeding were timely filed by the following petitioners:

Arizona Public Service Co.
Community Public Service Co.
Compania Minera De Cananea, S.A. de C.V.
Department of Water and Power of the City of Los Angeles.
General Services Administration.
Inspiration Consolidated Copper Co.
Navajo Tribal Utility Authority.
Pacific Gas and Electric Co.
Pioneer Natural Gas Co.
Salt River Project Agricultural Improvement District.
Southern California Edison Co.
Southern California Gas Co.
Southern Union Gas Co.
Southwest Gas Corp.
Tucson Gas & Electric Co.

The Public Utilities Commission of the State of California filed a timely notice of intervention. The New Mexico Public Service Commission filed an untimely notice of intervention.

Untimely petitions seeking leave to intervene were filed by the following petitioners:

Air Pollution Control District of Los Angeles.
Citizens Utilities Co.
Lordsburg, N. Mex., City of.
Magma Copper Co.
Mesa, Ariz., City of.
Nevada Power Co.
Phelps Dodge Corp.
San Diego Gas & Electric Co.
Southwestern Portland Cement Co.

Two of the untimely petitions indicate that labor negotiations and strike problems delayed their filings. While some of the other petitioners gave no reason for their late filings, it will be in the public interest to accept them in view of the short notice period which had to be given in order to receive comments prior to the date on which El Paso has requested that the proposed tariff sheets become effective.

El Paso states that the proposed tariff changes are premised upon the fact that the Southern Division System mainline possesses a firm reliable winter capacity of approximately 3,888,000 Mcf daily and a firm reliable summer capacity of approximately 3,820,000 Mcf daily. The firm reliable capacity would be fully apportioned on a basis which reflects historical usage patterns of the Southern Division System customers and reserves a portion of such capacity for the direct sale customers. Such capacity apportionment would be made a part of the tariff through a new provision in section 20 of the General Terms and Conditions, to be effective November 1, 1971. Although El Paso contemplates that new service agreements will be executed to conform with the desired apportionment, El Paso proposes to make the apportionment self-executing by setting forth its customers' entitlements in section 20.

Nearly all petitioners allege that implementation of the proposed tariff sheets would result in an inequitable distribution of available gas supplies which will seriously and adversely affect their operations. Community Public Service Company, Southwest Gas Corp., and Navajo Tribal Utility Authority allege that El Paso has reduced their entitlements in proposed section 20 to less than the volumes they have been purchasing under their existing service agreements. They state El Paso's filing does not show that the conditions on its Southern System justify the change in their entitlements. Therefore, they request that the proposed tariff sheets be suspended and that a hearing be held at which El Paso should be required to disclose the factual premises and methods of analyses which were used to arrive at the apportionments reflected in proposed section 20 which, if made effective, would reduce the volumes of gas to which they say they have previously been entitled. Southwest Gas Corp., asks that the tariff sheets be suspended for the full statutory period pending a hearing to determine the justness and reasonableness of the new apportionments.

In addition to providing for the hearing which nearly all parties have either requested or assumed would be held, the Commission must determine whether the proposed tariff sheets should be suspended for the full statutory period. Although El Paso has requested that the tariff sheets not be suspended for a longer period than November 1, 1971, it has not alleged any immediate gas shortage nor has it shown that the existing provisions in its tariff would be inadequate to deal with any gas deficiencies or capacity limitations which might require curtailment of deliveries between now and January 6, 1972, if the proposed tariff sheets were to be suspended for the full 5-month statutory period.

As compared with El Paso's failure to show an immediate need to invoke the proposed new curtailment provisions, the interveners have alleged that permitting the new tariff sheets to become effective would not only give El Paso the right to curtail deliveries to them in case of a gas shortage, but would also change their firm contractual entitlements prior to the execution of new service agreements. Since El Paso's filing goes beyond a need to deal with an emergency situation and actually proposes to reallocate both gas supplies and capacity on a permanent basis, it appears that the proposed tariff sheets should be suspended for the full statutory period pending the development of a record at the evidentiary proceeding hereinafter ordered.

The Commission finds:

(1) It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the proposed changes in El Paso's FPC gas tariff and that the proposed tariff sheets hereinbefore listed be suspended, and use thereof be deferred as herein provided.

(2) It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the disposition of this proceeding be expedited in accordance with the procedures set forth below.

(3) Good cause exists to permit the filing of the untimely notice of intervention and untimely petitions for leave to intervene listed on page two of this order.

(4) The participation of the above-named petitioners may be in the public interest.

The Commission orders:

(A) Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, and 15 thereof, the Commission's rules of practice and procedure, and the regulations under the Natural Gas Act (18 CFR Ch. I), a public hearing shall be held commencing October 5, 1971, at 10 a.m., e.d.s.t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, DC 20426, concerning the lawfulness of the curtailment provisions contained in El Paso's FPC gas tariff as proposed to be revised herein.

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[1] Original Sheets Nos. 39-A, 63-A, 63-B, 67-A, 67-B, and 67-C; 1st Revised Sheet No. 77; 2d Revised Sheets Nos. 61, 62, 67, 75, and 82; 3d Revised Sheets Nos. 60, 66, 74, 78, and 79; 4th Revised Sheets Nos. 63, 72, 73, and 76; and 5th Revised Sheets Nos. 2 and 39 to its FPC Gas Tariff, Original Volume No. 1.

[2] El Paso's written report filed May 17, 1971, pursuant to paragraph (A) (2) of Order No. 431 had stated that it would file modifications of its tariff in the near future to amplify the curtailment provisions in its existing tariff.

The hearing shall begin with admission into the record of El Paso's direct case, subject to appropriate motions, followed by cross-examination of El Paso's witnesses. Except for very brief recesses which may be allowed by the Presiding Examiner upon a showing of good cause therefor, the hearing shall go forward immediately with cross-examination of witnesses sponsoring any direct testimony previously served by the interveners and the Commission's staff, followed by oral rebuttal, if any, by El Paso with cross-examination thereon.

(B) Pending such hearing and decision thereon, the proposed revised tariff sheets listed in footnote 1 of this order are hereby suspended and the use thereof is deferred until January 6, 1972, and until such further time as they are made effective in the manner prescribed by the Natural Gas Act.

(C) On or before August 27, 1971, El Paso shall prepare and file with the Commission and serve on the Presiding Examiner, the Commission's staff, and all parties to this proceeding its direct testimony and exhibits in support of the proposed tariff sheets submitted on July 6, 1971. El Paso's presentation should include (1) precise details concerning the methods used to determine the apportionments set forth in proposed section 20 of the General Terms and Conditions of its tariff, and (2) the estimated effect which its proposed expanded curtailment provisions will have upon each of its customers' operations.

(D) Any parties or the Commission's staff planning to present testimony in opposition to El Paso's curtailment procedures shall, on or before September 17, 1971, file and serve on the Presiding Examiner, the Commission's staff, and all parties prepared written testimony in support of their positions.

(E) The above-named petitioners are hereby permitted to become interveners in this proceeding subject to the rules and regulations of the Commission: *Provided, however,* That the participation of such interveners shall be limited to matters affecting asserted rights and interests specifically set forth in said petitions for leave to intervene: *And provided, further,* That the admission of such interveners shall not be construed as recognition by the Commission that they or any of them might be aggrieved because of any order or orders of the Commission entered in this proceeding.

(F) A Presiding Examiner to be designated by the Chief Examiner for that purpose (See Delegation of Authority, 18 CFR 3.5(d)) shall preside at the hearing in this proceeding pursuant to the Commission's rules of practice and procedure.

(G) El Paso shall promptly serve a copy of its filing in Docket No. RP72-6 upon all parties to this proceeding unless such service has already been effected.

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11905 Filed 8-16-71;8:51 am]

[Docket No. RP72-6]

EL PASO NATURAL GAS CO.

Notice of Extension of Time

AUGUST 5, 1971.

On August 2, 1971, the city of Las Cruces, N. Mex., filed a telegram requesting an extension of time within which to file a protest in the above-designated matter.

Upon consideration, notice is hereby given that the time is extended to and including August 5, 1971, within which protests may be filed in the above-designated matter. The notice issued July 14, 1971, is amended accordingly.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11908 Filed 8-16-71;8:51 am]

[Docket No. CP72-18]

FALL RIVER GAS CO.

Notice of Application

AUGUST 9, 1971.

Take notice that on August 5, 1971, Fall River Gas Co. (applicant), Post Office Box 911, Fall River, MA 02722, filed in Docket No. CP72-18 an application pursuant to section 3 of th Natural Gas Act for authorization to import liquefied natural gas (LNG) from Canada, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Specifically, applicant requests authorization to import up to 350,000 gallons of LNG from Canada to the United States during the period commencing upon the date of Commission authorization and continuing until November 1, 1971. Applicant states that up to 1 million gallons of additional LNG are to be made available to it if the LNG is available to Gaz Metropolitain Inc. (GAZ), and to the extent applicant's storage and transportation facilities permit. The volumes of LNG purchased from GAZ will be transported from Montreal, Quebec, Canada, to the United States by tank semitrailer truck and will be delivered to its LNG storage facility at Fall River, Mass.

Applicant states that problems with its facility where vaporous gas is converted to LNG for storage and regasification, have been such that additional volumes of LNG will be required to enable applicant to meet its winter fuel requirements. For all volumes of LNG purchased by applicant before September 1, 1971, applicant will pay 7.5 cents per gallon, volumes purchased after will cost 8.87 cents per gallon. Under the terms of its present contract with GAZ, applicant states that there will be no LNG available after November 1, 1971.

It appears reasonable and consistent with the public interest in this case to prescribe a period shorter than 15 days for the filing of protests and petitions to intervene. Therefore, any person desiring to be heard or to make any protest with reference to said application should on or before August 27, 1971, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11828 Filed 8-16-71;8:45 am]

[Project 108]

NORTHERN STATES POWER CO.

Notice of Issuance of Annual License

AUGUST 9, 1971.

On February 24, 1970, Northern States Power Co., licensee for Chippewa Reservoir Project No. 108 located in Sawyer County, Wis., filed an application for a new license under section 15 of the Federal Power Act and Commission regulations thereunder (§§ 16.1-16.6).

The license for Project No. 108 was issued effective August 8, 1921, for a period ending August 7, 1971. Because August 7, 1971, fell on a Saturday, the license remained in force and effect through August 9, 1971, pursuant to § 1.13(a) of the rules of practice and procedure of the Federal Power Commission and section 9(b) of the Administrative Procedure Act (5 U.S.C. 588(c)).

In order to authorize the continued operation of the project pursuant to section 15 of the Act pending completion of licensee's application and Commission action thereon it is appropriate and in the public interest to issue an annual license to Northern States Power Co. for continued operation and maintenance of Project No. 108.

Take notice that an annual license is issued to Northern States Power Co. (licensee) under section 15 of the Federal Power Act for the period August 8, 1971, to August 7, 1972 or until Federal takeover, or the issuance of a new license for the project, whichever comes first, for the continued operation and maintenance of the Chippewa Reservoir Project No. 108, subject to the terms and conditions of its license.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11829 Filed 8-16-71;8:45 am]

[Docket No. E-7654]

ORANGE AND ROCKLAND UTILITIES, INC.

Notice of Proposed Changes in Rates and Charges

AUGUST 4, 1971.

Take notice that on July 23, 1971, Orange and Rockland Utilities, Inc. (Orange and Rockland), filed changes made by letter agreement in its contract

providing for the sale of power to Rockland Electric Co., a wholly-owned subsidiary. The proposed changes in the contract, designated Orange and Rockland Utilities, Inc., Rate Schedule FPC No. 21, would increase the return on investment in utility plant dedicated to the contract from 7 percent to 7.5 percent and would increase the interest rate applicable to late payment of bills from 7 percent to 7.5 percent. Orange and Rockland has requested that the letter agreement be made effective September 1, 1971. If the Commission does not waive the 60-day notice requirement, the company requests an effective date of October 1, 1971. Included with Orange and Rockland's filing were Rockland's certificate of concurrence and the prepared direct testimony of Mr. L. Sanford Reis in New York Public Service Commission, Docket No. 26041, recommending a rate of return for Orange and Rockland in excess of 8.25 percent.

Any person desiring to be heard or to make any protest with reference to Orange and Rockland's filing should file with the Federal Power Commission, 441 G Street NW., Washington, DC 20426, on or before August 23, 1971, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Persons wishing to participate as a party in any hearing therein must file petitions to intervene in accordance with the Commission's rules. The application is on file with the Commission and is available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11909 Filed 8-16-71;8:51 am]

[Docket No. E-7658]

POTOMAC EDISON CO. ET AL.

Notice of Proposed Rate Schedule Changes Order Suspending Proposed Rate Schedule Changes and Providing for Hearing

AUGUST 6, 1971.

This order suspends for 1 day the operation of proposed supplemental rate schedules and orders a public hearing to be held on the lawfulness of those schedules.

Potomac Edison Co. (Edison), the Potomac Edison Company of Virginia (Virginia), the Potomac Edison Company of West Virginia (West Virginia), and the Potomac Edison Company of Pennsylvania (Pennsylvania), on July 9, 1971, tendered for filing new supplemental rate schedules to change certain provisions of FPC Rate Schedules designated in Appendix A attached hereto. The new supplements revise the determination of the rate of return component in the calculation of capacity costs from 6 percent to a computed amount of 150 percent of the imbedded debt cost of pool facilities which results in a proposed current rate of 8.67 percent. The filings are proposed to become effective August 9, 1971. The companies contend that the new filings will result in clarification and simplification and take into consideration the increased cost of money, particularly the high cost of recent debt issues.

The present rate schedule is a power pool agreement, dated September 15, 1952, between Edison, Virginia, and West Virginia; however on May 21, 1971, Pennsylvania tendered for filing a certificate of concurrance to the agreement designated in Appendix B attached hereto.

The Commission finds:

(1) The tendered rate schedule supplements designated in Appendix A attached hereto may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful under the Federal Power Act.

(2) It is necessary and appropriate for the purposes of the Federal Power Act, particularly sections 205, 301, 307, 308, and 309 thereof that the operation of the supplemental rate schedules designated in Appendix A be suspended, the use thereof deferred, and a public hearing be held on the lawfulness of those schedules all as hereinafter provided.

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Federal Power Act and pursuant to the Commission's rules of practice and procedure a public hearing shall be convened at such time and place as the Commission shall further order concerning the lawfulness of the supplemental schedules referred to in finding paragraph (1).

(B) The supplemental rate schedules referred to in finding paragraph (1) above are hereby suspended and the use thereof deferred until August 10, 1971; on that day those supplements shall take effect in the manner prescribed by the Federal Power Act subject to further orders of the Commission.

(C) The tendered Rate Schedule designated in Appendix B attached hereto is hereby accepted for filing, effective as of June 21, 1971.

(D) The company shall refund, at such times and in such manner as may be required by final order of the Commission, the portion of the increased rates and charges found by the Commission in this proceeding not justified, together with interest at the New York prime rate on August 10, 1971, from the date of payment until refunded; shall bear all costs of any such refunding; shall keep accurate accounts in detail of all the amounts received by reason of the increased rates and charges effective as of August 10, 1971, for each billing period and shall report (original and one copy) in writing and under oath to the Commission monthly for each billing period, the billing determinants of electric energy sold and delivered under the above suspended agreements and revenues resulting therefrom as computed under the rates in effect prior to August 10, 1971, and under the rates and charges made effective by this order together with the differences in the revenues so computed.

(E) Unless otherwise ordered by the Commission the parties shall not change the terms or provisions of its proposed rate schedule supplements or its present effective rate schedules until this proceeding has been terminated or until the period of suspension has expired.

(F) Notices of intervention and petitions to intervene may be filed with the Federal Power Commission, Washington, D.C. 20426, on or before September 9, 1971, in accordance with the Commission's rules of practice and procedure (18 CFR 1.8 or 1.37).

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.

APPENDIX A

RATE SCHEDULE DESIGNATIONS

Parties: The Potomac Edison Co.; The Potomac Edison Co. of Pennsylvania; The Potomac Edison Co. of Virginia; and The Potomac Edison Co. of West Virginia.

Company

The Potomac Edison Co.:
(1) Supplement No. 1 to Rate Schedule FPC No. 18.
The Potomac Edison Co. of Virginia:
(2) Supplement No. 1 to Rate Schedule FPC No. 10.
The Potomac Edison Co. of West Virginia:
(3) Supplement No. 1 to Rate Schedule FPC No. 20.
The Potomac Edison Co. of Pennsylvania:
(4) Supplement No. 1 to Rate Schedule FPC No. 14.

APPENDIX B

RATE SCHEDULE DESIGNATIONS

Party: The Potomac Edison Co. of Pennsylvania.

Company

The Potomac Edison Co. of Pennsylvania:
(1) Rate Schedule FPC No. 14:
(Supersedes Rate Schedule FPC No. 11 and Electric Service Schedules WS-DV and WS-HV under the service schedule to Potomac Edison Co.'s FPC Electric Tariff—Volume II.)
(Concurs in The Potomac Edison Co. Rate Schedule FPC No. 18.)

[FR Doc.71-11830 Filed 8-16-71;8:45 am]

[Docket No. RP71-141]

SHENANDOAH GAS CO.

Notice of Existing Curtailment Procedures

AUGUST 4, 1971.

Take notice that on June 24, 1971, Shenandoah Gas Co. (Shenandoah) filed a written report, pursuant to paragraph (A)(2) of the Commission's Order No. 431, issued April 15, 1971, in Docket No. R-418, stating that its policy with respect to establishment of measures to be taken for the protection of as reliable and adequate service as present natural-gas supplies and pipeline capacities will permit is presently on file with the Federal Power Commission. Further, Shenandoah states that it does not anticipate that any changes to that policy will be

required for the 1971–1972 heating season.

Shenandoah's FPC Gas Tariff, Original Volume No. 1, Original Sheet No. 21, paragraph 12, sets forth its policy concerning "Priority and Curtailment of Service" as follows:

> Seller recognizes the primary public service obligation to maintain gas service to domestic customers. When necessary, Seller will curtail the supply of gas to its customers, including any Buyer hereunder, to the extent necessary to maintain such domestic service. Seller's obligations under this Tariff are subject to such primary public service obligation.

Although Shenandoah's existing curtailment policy is on file with the Commission and is not expected to be implemented within the foreseeable future, any person desiring to be heard or to make any protest with respect to Shenandoah's existing tariff provisions governing curtailments of service should on or before August 26, 1971, file with the Federal Power Commission, 441 G Street NW., Washington, DC 20426, petitions to intervene or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make protestants parties to a proceeding. Persons wishing to become parties to a proceeding or to participate as a party in any hearing therein must file petitioins to intervene in accordance with the Commission's rules. Shenandoah's report, submitted pursuant to Order No. 431, is on file with the Commission and available for public inspection.

KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11910 Filed 8-16-71;8:52 am]

[Docket No. RP71-115]

TRUNKLINE GAS CO.

Order Permitting Tracking Purchased Gas Cost Increase

AUGUST 10, 1971.

Trunkline Gas Co. (Trunkline) on May 12, 1971, filed a petition requesting the Commission to issue an order authorizing Trunkline to make jurisdictional rate changes reflecting the fluctuations in the cost of its purchased gas from time to time up to September 30, 1972. Trunkline does not presently have such a tracking provision. Its most recent rate stipulation and agreement was negotiated without such a provision, and approved by Commission order issued on February 19, 1969, in Docket No. RP69-4. The rates negotiated in Docket No. RP69-4 are based on a cost of service for the 12 months ended October 31, 1969.

Trunkline urges that it should be authorize tracking because of the Commission's current policy regarding tracking increases, and of a claimed jurisdictional revenue deficiency of $802,010 for the year 1970.

Trunkline requests waiver of § 154.63 of the Commission's regulations to permit such revised tariff sheets as may be filed pursuant to this petition to become effective without suspension.

Trunkline served copies of its petition on each of its customers and on all interested State commissions. Notice was published on May 22, 1971 (36 F.R. 9349), with interventions filed by LaClede Gas Co., Illinois Power Co., and Consumers Power Co. No objections to the proposed change have been filed with the Commission.

In support of its petition, Trunkline has submitted cost of service and revenue data based on 12 months of actual experience ending December 31, 1970, as reflected in its 1970 Form 2 without either annualization or normalization. The base cost of gas above and below which Trunkline is herein authorized to adjust its rates is 20.18 cents per Mcf at 14.73 p.s.i.a. (saturated). Examination and review of this submittal by staff shows Trunkline's jurisdictional revenues to be deficient, and that the proposed tracking authorization of purchased gas cost has been supported and should be permitted to become effective as requested.

The Commission finds: Good cause exists for waiving § 154.63 of the Commission's regulations to permit the filing of such proposed revised tariff sheets.

The Commission orders:

(A) Until September 30, 1972, Trunkline may file rate increases and shall file rate decreases tracking changes in the effective rates of its suppliers above or below its rates in effect on January 10, 1971, all as set forth in Appendix B to the petition of Trunkline Gas Co. filed on May 12, 1971.

(B) This order is without prejudice to any findings or orders which have been or may hereafter be made by this Commission in any proceeding now pending or hereafter instituted by or against Trunkline or any persons affected by such rates as may be hereby permitted to be effective.

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11911 Filed 8-16-71;8:52 am]

[Docket No. RP72-12]

UNITED NATURAL GAS CO.

Order Permitting Tracking Purchase Gas Cost Increase, Deferring Action on Request for Authorization of Unlimited Tracking Privileges, and Providing for Extension of Time for Filing Comments

AUGUST 6, 1971.

On July 19, 1971, United Natural Gas Co. (United Natural) filed proposed changes in its FPC Gas Tariff (24th Revised Sheet No. 4 and 26th Revised Sheet No. 5 to its Original Volume No. 1) to become effective August 6, 1971. The proposed rate changes would increase United Natural's jurisdictional revenues by approximately $160,000 annually. Additionally, United Natural filed for extension to July 1, 1972, of the tracking privileges authorized by Commission order issued May 4, 1970, approving the stipulation and agreement in Docket No. RP70-24. Such authorization expired on May 7, 1971.

United Natural in the filing states that the net effect of the proposed changes in its rates are designed to compensate only for the cost of gas purchased from its suppliers (Consolidated Gas Supply Corp., in Docket No. RP71-126, Tennessee Gas Pipeline Co., Docket No. RP71-6, Texas Eastern Transmission Corp., Docket No. RP70-29 et al., and Transcontinental Gas Pipe Line Corp., Docket No. RP71-31).

While United Natural has not shown sufficient cause for waiver of the notice period with respect to a 1-year extension of the tracking privileges accorded the company in Docket No. RP70-24, the company's request for waiver of the statutory notice period with respect to the specific increases cited above is reasonable in that the company itself did not have the necessary notice time within which to make the instant filing. Because we are granting waiver of the notice requirements with respect to the presently requested increased rates, we are deferring action on United Natural's request for unlimited authorization to track other increases until July 1, 1972, pending the receipt and consideration of comments as provided in the notice issued July 26, 1971 (36 F.R. 14080). Additionally, the period for the receipt of comments provided in the notice is extended until August 16, 1971.

The Commission finds:

(1) Good cause exists for waiving section 154 of the Commission's regulations for the limited purpose of permitting the filing of the proposed changes and to permit such filed revised sheets to become effective as requested.

(2) United Natural's request for unlimited tracking authorizations until July 1, 1972, should be deferred to provide interested parties sufficient time to comment on such proposal. The period for submittal of comments is extended to August 16, 1971.

The Commission orders:

(1) Section 154 of the Commission's regulations under the Natural Gas Act is hereby waived to permit the filing of the aforementioned revised tariff sheets, to be effective as of August 6, 1971.

(2) Action of United Natural's request for unlimited extension of tracking provisions until July 1, 1972, is hereby deferred and the time for submittal of comments extended to August 16, 1971, to allow opportunity for consideration of any comments which may be received as a result of the notice issued July 26, 1971, in this proceeding.

By the Commission.

[SEAL] KENNETH F. PLUMB,
Secretary.

[FR Doc.71-11912 Filed 8-16-71;8:52 am]

FEDERAL RESERVE SYSTEM

FEDERAL OPEN MARKET COMMITTEE

Current Economic Policy Directive

In accordance with § 271.5 of its Rules Regarding Availability of Information, there is set forth below the Committee's Current Economic Policy Directive issued at its meeting held on May 11, 1971.[1]

The information reviewed at this meeting suggests that real output of goods and services rose substantially in the first quarter primarily because of the resumption of higher automobile production, and more moderate growth appears to be in prospect for the current quarter. The unemployment rate remained high in April. Wage rates in most sectors are continuing to rise at a rapid pace. The rate of advance in consumer prices and in wholesale prices of industrial commodities moderated in the first quarter, but the rise in industrial prices stepped up again in April. The money stock both narrowly and broadly defined expanded substantially further in April but growth in bank credit slowed. Inflows of consumer-type time and savings funds to banks moderated, partly as a result of reductions in the interest rates offered by banks, but flows to nonbank thrift institutions continued heavy. Interest rates on most types of short- and long-term market securities rose sharply in April and early May, reflecting uncertainties about domestic, and more recently international, financial prospects. The overall balance of payments deficit in the first 4 months of 1971 was exceptionally large, in great part reflecting short-term capital outflows. Recently, after further large international flows of funds, several European central banks suspended sales of their currencies for dollars; subsequently, announcements were made that the German mark and Dutch guilder would be permitted to float for the time being, and that the Swiss franc and Austrian schilling were being revalued. In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to the resumption of sustainable economic growth, while encouraging an orderly reduction in the rate of inflation, moderation of short-term capital outflows, and attainment of reasonable equilibrium in the country's balance of payments.

To implement this policy, the Committee seeks to moderate growth in monetary and credit aggregates over the months ahead, taking account of the current Treasury financing, developments in capital markets, and uncertainties in foreign exchange markets. System open market operations until the next meeting of the Committee shall be aimed initially at maintaining currently prevailing money market conditions, and thereafter conducted with a view to maintaining bank reserves and money market conditions consistent with the above cited objectives.

By order of the Federal Open Market Committee, August 3, 1971.

ARTHUR L. BROIDA,
Deputy Secretary.

[FR Doc.71-11832 Filed 8-16-71;8:46 am]

[1] The Record of Policy Actions of the Committee for the meeting of May 11, 1971, is filed as part of the original document. Copies are available on request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

PAN AMERICAN BANKSHARES, INC.

Notice of Application for Approval of Acquisition of Shares of Bank

Notice is hereby given that application has been made, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)), by Pan American Bankshares, Inc., which is a bank holding company located in Miami, Fla., for prior approval by the Board of Governors of the acquisition by applicant of at least 80 percent of the voting shares of Citizens Bank and Trust Co. in Sarasota, Sarasota, Fla.

Section 3(c) of the Act provides that the Board shall not approve:

(1) Any acquisition or merger or consolidation under section 3 which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

(2) Any other proposed acquisition or merger or consolidation under section 3 whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Section 3(c) further provides that, in every case, the Board shall take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

Not later than thirty (30) days after the publication of this notice in the FEDERAL REGISTER, comments and views regarding the proposed acquisition may be filed with the Board. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The application may be inspected at the office of the Board of Governors or the Federal Reserve Bank of Atlanta.

Board of Governors of the Federal Reserve System, August 10, 1971.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[FR Doc.71-11833 Filed 8-16-71;8:46 am]

PAN AMERICAN BANKSHARES, INC.

Notice of Application for Approval of Acquisition of Shares of Bank

Notice is hereby given that application has been made, pursuant to section 3(a)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(3)), by Pan American Bankshares, Inc., which is a bank holding company located in Miami, Fla., for prior approval by the Board of Governors of the acquisition by applicant of at least 80 percent of the voting shares of Pan American Bank of Miami Beach, Miami Beach, Fla.

Section 3(c) of the Act provides that the Board shall not approve:

(1) Any acquistion or merger or consolidation under section 3 which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

(2) Any other proposed acquisition or merger or consolidation under section 3 whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Section 3(c) further provides that, in every case, the Board shall take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

Not later than thirty (30) days after the publication of this notice in the FEDERAL REGISTER, comments and views regarding the proposed acquisition may be filed with the Board. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The application may be inspected at the office of the Board of Governors or the Federal Reserve Bank of Atlanta.

Board of Governors of the Federal Reserve System, August 10, 1971.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[FR Doc.71-11834 Filed 8-16-71;8:46 am]

SECURITIES AND EXCHANGE COMMISSION

[812-2988]

FUND OF LETTERS, INC., ET AL.

Notice of Filing of Application for Order

AUGUST 11, 1971.

In the matter of Fund of Letters, Inc., 1900 Avenue of the Stars, Los Angeles, CA 90067; Computer Machinery Corp., 2231 South Barrington Avenue, Los Angeles, CA 90064; James K. Sweeney, John L. Moser, Peter F. Zinsli, and Arthur J. Elias, 2231 South Barrington Avenue, Los Angeles, CA 90064.

Notice is hereby given that Computer Machinery Corp. (CMC), a California corporation, Fund of Letters, Inc.

(Fund), registered as a closed-end diversified management company under the Investment Company Act of 1940 (Act), and James K. Sweeney, John L. Moser, Peter F. Zinsli, and Arthur J. Elias (collectively Applicants), have filed an application pursuant to section 17(d) of the Investment Company Act of 1940 (Act) and Rule 17d-1 thereunder for an order permitting applicants to jointly sell shares of common stock. All interested persons are referred to the application on file with the Commission for a full statement of the representations therein which are summarized below.

The Fund owns approximately 7.78 percent of the outstanding common stock of CMC. Sweeney is a director and the president of CMC and the beneficial owner of approximately 28.62 percent of the outstanding common stock of CMC. Moser is a vice president and director of CMC and the beneficial owner of approximately 10.62 percent of the outstanding common stock of CMC. Zinsli is a vice president and director of CMC and the beneficial owner of approximately 10.54 percent of the outstanding common stock of CMC. Elias is an employee of CMC and the beneficial owner of approximately 6.18 percent of the outstanding common stock of CMC.

By reason of the fact that the Fund owns more than 5 percent of the outstanding voting securities of CMC, CMC is an affiliated person of the Fund within the meaning of section 2(a)(3) of the Act. By reason of the fact that Messrs. Sweeney, Moser, and Zinsli each own more than 5 percent of the outstanding voting securities of CMC and are officers and directors of CMC, and Elias is an employee of CMC and owns more than 5 percent of the outstanding voting securities of CMC, each is an affiliated person of an affiliated person of the Fund.

CMC has filed a registration statement with the Commission under the Securities Act of 1933 with respect to a proposed public offering of common stock of CMC. Such offering will consist of an aggregate of 1,200,000 shares of common stock of CMC, of which 850,000 shares would be offered by CMC, up to 300,000 shares by the Fund, and up to the balance by the other Applicants. The Fund has indicated that it desires to sell 200,000 shares, subject to subsequent adjustment. Based upon such figures, CMC anticipates that Elias would sell 9,158 shares. Due to the rights of certain other shareholders of CMC, it does not appear that Messrs. Sweeney, Moser, or Zinsli will be able to sell any shares in the subject offering; however, they have been included as applicants to cover the possible disposition by them of a portion of their shares in the subject offering if the opportunity arises. The expenses of the registration of the shares to be sold by the Fund (other than underwriting discounts and the Fund's own counsel fees) will be borne by CMC, pursuant to an agreement entered into at the time such shares were purchased by the Fund in 1969. The expenses of registration of the shares to be sold by CMC, Elias, Sweeney, Moser, and Zinsli will be borne by each of them.

Pursuant to the agreement between the Fund and CMC entered into at the time such shares were purchased by the Fund in 1969, CMC is obligated at its expense to file another registration statement under the Securities Act of 1933 with respect to any shares of the common stock of CMC owned by the Fund which the Fund does not sell in the subject offering.

The total number of shares of common stock of CMC to be offered in the public offering was determined by agreement between CMC and Merrill Lynch, Pierce, Fenner & Smith Inc., and Sutro & Co. Inc. (the "Representatives"), as representatives of the underwriters at the recommendation of the Representatives based on the judgment of the Representatives as to the probable market for the shares of CMC.

At the time that CMC determined to file the registration statement, it notified the Fund of its intent and, pursuant to the contract referred to above, requested the Fund to indicate the number of shares of CMC common stock it intended to sell. At that time, the Fund apprised CMC that it desired to register and sell all of its 300,000 shares of CMC common stock. Subsequently, the Fund informed CMC that it desired to register and sell only 200,000 of its shares. The Fund informed CMC that it is reserving the right to increase or decrease the number of shares which it may sell in the offering.

Applicants represent that they are prepared to agree with the Representatives as representatives of underwriters, that after the effective date of the registration statement none of them will offer any additional shares of common stock of CMC to the public for 90 days. The purpose of this agreement is to facilitate the sale of the shares to be offered in the public offering.

There has not heretofore been any public market for the shares of common stock of CMC. Applicants represent that it is the opinion of the management of the Fund that the creation of such a public market which will result from the public offering of shares herein referred to will be in the best interests of the Fund.

The Applicants state that the participation of the Fund in the proposed public offering on the basis proposed is consistent with the provisions, policies, and purposes of the Act and, to the extent that such participation is on a basis different from that of other participants, it is more favorable to the Fund than to such other participants.

Rule 17d-1, in pertinent part, adopted under section 17(d) of the Act, provides, that no affiliated person of any registered investment company, and no affiliated person of such affiliated person, shall, acting as principal, participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which such registered company, or a company controlled by such registered company, is a participant, unless an application regarding such joint enterprise or arrangement has been filed with the Commission and has been granted by order, and that in passing upon such application the Commission will consider whether the participation of the registered or controlled company in the joint enterprise or arrangement on the basis proposed is consistent with the provisions, policies, and purposes of the Act and the extent to which such participation is on a basis different from or less advantageous than that of other participants.

Notice is further given that any interested person may, not later than August 26, 1971, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to nature of his interest, the reason for such request and the issues of fact or law proposed to be controverted, or he may request that he be notified if the Commission shall order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail (airmail if the person being served is located more than 500 miles from the point of mailing) upon applicants at the addresses set forth above. Proof of such service (by affidavit or in case of an attorney at law by certificate) shall be filed contemporaneously with the request. At any time after said date, as provided by rule 0-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the information stated in said application, unless an order for hearing upon said application shall be issued upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive notice of further developments in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

[SEAL] RONALD F. HUNT,
Acting Associate Secretary.

[FR Doc.71-11919 Filed 8-16-71;8:52 am]

TARIFF COMMISSION

[337-27]

MEPROBAMATE

Notice of Resumption of Hearing

Notice is hereby given that on August 30, 1971, the U.S. Tariff Commission will resume its public hearing in connection with Investigation No. 337-27, regarding alleged unfair methods of competition and unfair acts in the importation and sale of meprobamate embraced within the claim of U.S. Patent No. 2,724,720 owned by the complainant Carter-Wallace, Inc., New York, N.Y.

The complaint alleges that the effect or tendency of the unfair methods or acts is to destroy or substantially injure an industry, efficiently and economically

operated, in the United States in violation of the provisions of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337). Notice of institution of the investigation was published in the FEDERAL REGISTER of April 28, 1971 (36 F.R. 8010). A public hearing was held on June 29, 1971 (notice of which was published in the FEDERAL REGISTER of May 28, 1971 (36 F.R. 9794)) and a recess was ordered.

The hearing will be resumed on August 30, 1971, at 10 a.m., e.d.s.t., in the Hearing Room of the Tariff Commission, Eighth and E Streets NW., Washington, DC. Requests for appearances at the hearing should be received by the Secretary of the Tariff Commission no later than August 25, 1971. Parties wishing to submit documentary evidence for the record, but not desiring to make an appearance, should send such evidence to the Secretary in time for inclusion in the record when the hearing resumes.

Issued: August 12, 1971.

By order of the Commission.

[SEAL] KENNETH R. MASON,
Secretary.

[FR Doc.71-11956 Filed 8-16-71;8:57 am]

DEPARTMENT OF LABOR

Office of the Secretary

PPG INDUSTRIES

Notice of Certification of Eligibility of Workers To Apply for Adjustment Assistance

Under date of May 24, 1971, a petition requesting certification of eligibility to apply for adjustment assistance was filed with the Director, Office of Foreign Economic Policy, Bureau of International Labor Affairs, by the United Glass and Ceramic Workers, AFL-CIO, on behalf of workers of the Clarksburg, W. Va., sheet glass plant of PPG Industries, Works No. 12. The petition points out that the request for certification is made under Proclamation 3967 (Adjustment of Duties on Certain Sheet Glass) of February 27, 1970 (35 F.R. 3975). In that Proclamation, the President, among other things, acted to provide under section 302(a)(3) with respect to the sheet glass industry that its workers may request the Secretary of Labor for certifications of eligibility to apply for adjustment assistance under chapter 3, title III, of the Trade Expansion Act of 1962.

The Trade Expansion Act, section 302(b)(2), provides that the Secretary of Labor shall certify as eligible to apply for adjustment assistance under chapter 3 any group of workers in an industry with respect to which the President has acted under section 302(a)(3) upon a showing by such group of workers to the satisfaction of the Secretary of Labor that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused or threatened to cause unemployment or underemployment of a significant number or proportion of workers of such workers' firm or subdivision thereof. The same degree of causal connection is applicable here as under the tariff adjustment and other adjustment assistance provisions; that is, the increased imports have been the major factor.

Upon receipt of the petition, the Department's Director of the Office of Foreign Economic Policy instituted an in investigation, following which he made a recommendation to me relating to the matter of certification (Notice of Delegation of Authority and Notice of Investigations 34 F.R. 18342 and 36 F.R. 11007; 29 CFR Part 90). The Director reported that increased imports of sheet glass of the types covered by the Presidential Proclamation 3967 have been the major factor in causing the unemployment or underemployment of a significant number or proportion of workers from the plant of PPG Industries in Clarksburg, W. Va. He further reported that this unemployment or underemployment began after January 3, 1970. He also noted that unemployment or underemployment beginning after February 27, 1970, was not due to increased imports.

After due consideration, I make the following certification:

All hourly workers of the PPG Industries, Works No. 12, Clarksburg, W. Va., who became unemployed or underemployed after January 3, 1970, and before February 28, 1970, are eligible to apply for adjustment assistance under chapter 3, title III, of the Trade Expansion Act of 1962.

Signed at Washington, D.C., this 6th day of August 1971.

GEORGE H. HILDEBRAND,
Deputy Under Secretary,
International Affairs.

[FR Doc.71-11880 Filed 8-16-71;8:51 am]

INTERSTATE COMMERCE COMMISSION

[No. 35301]

WEST VIRGINIA INTRASTATE FREIGHT RATES

AUGUST 13, 1971.

At a session of the Interstate Commerce Commission, Division 2, held at its office in Washington, D.C. on the 29th day of July 1971.

It appearing, that by order dated July 9, 1971, responsive to a request by the West Virginia railroads filed May 24, 1971, for leave to seek reconsideration of the order of February 5, 1971, as provided in the accompanying petition which, if granted, would broaden the investigation to include the increases permitted to become effective on April 12, 1971, in rates on interstate and foreign commerce as authorized by the Commission in Ex Parte No. 267, Increased Freight Rates, 1971, 339 I.C.C. 125 (decided March 4, 1971), we broadened the investigation instituted by order of the Commission, Division 2, on September 14, 1970, as supplemented, modified, or amended by the order of February 5, 1971, to determine whether the rates and charges of the carriers by railroad operating in the State of West Virginia for the transportation of property, made or imposed by authority of the State of West Virginia, cause or will cause, by reason of the failure of said rates and charges to include increases corresponding to those permitted by this Commission for the transportation of interstate or foreign commerce in Ex Parte No. 267, Increased Freight Rates, 1971, supra, in addition to those authorized in Ex Parte No. 262, Increased Freight Rates, 1969, 337 I.C.C. 436, and Ex Parte No. 265, Increased Freight Rates, 1970, 339 I.C.C. 125, any undue or unreasonable advantage, preference, or prejudice, as between persons or localities in intrastate commerce, on the one hand, and interstate or foreign commerce, on the other hand, or any undue, unreasonable, or unjust discrimination against or undue burden upon interstate or foreign commerce, and to determine what rates and charges, if any, or what maximum, or minimum and minimum rates and charges shall be prescribed to remove the unlawful advantage, preference, discrimination, or undue burden, if any, that may be found to exist;

It further appearing, that the reply to the request and petition filed on June 21, 1971, by the Appalachian Power Co., and an order dated June 16, 1971, were inadvertently not considered in disposing of the request and petition; therefore:

It is ordered, that the order entered in this proceeding on July 9, 1971, be, and it is hereby vacated and set aside;

It further appearing, that by order dated September 14, 1970, as supplemented, modified, or amended by the order of February 5, 1971, the Commission, Division 2, instituted an investigation under section 13 of the Interstate Commerce Act to determine whether the failure of the intrastate freight rates or charges imposed by the State of West Virginia to include the increases authorized by this Commission on interstate rates and charges in Ex Parte No. 262, Increased Freight Rates, 1969, supra, Ex Parte No. 265, Increased Freight Rates, 1970, supra, and permitted to be established on November 20, 1970, in Ex Parte No. 267, Increased Freight Rates, 1971, cause or will cause any undue or unreasonable advantage, preference, or prejudice, as between persons and localities in intrastate commerce, on the one hand, and interstate or foreign commerce, on the other hand, or any undue, unreasonable, or unjust discrimination against or undue burden on interstate or foreign commerce; and to determine what rates and charges, if any, or what maximum, or minimum, or maximum and minimum rates and charges shall be prescribed to remove the unlawful advantage, preference, discrimination, or undue burden, if any, that may be found to exist;

It further appearing, that by order dated April 23, 1971, as modified by

order dated June 16, 1971, the Commission directed that the proceeding be referred to a hearing examiner for hearing and for the recommendation of an appropriate order thereon, accompanied by the reasons therefore, and required, among other things, that respondents' and supporting parties' verified statements be filed with the Commission and served on the parties designated therein on or before May 31, 1971, that protestants' reply verified statements be filed with the Commission and served on the parties designated therein on or before July 30, 1971, that requests for cross-examination of witnesses shall be given to the affiant and his counsel, if any, by written notice on or before August 9, 1971, with a copy being simultaneously filed with the Commission, and that hearing will be held commencing on August 17, 1971;

It further appearing, that by petition filed May 24, 1971, petitioners request leave to seek reconsideration of the order of February 5, 1971, as provided in the accompanying petition which, if granted, would broaden the investigation to include the increases permitted to become effective on April 12, 1971, on interstate and foreign commerce as authorized by the Commission in Ex Parte No. 267, Increased Freight Rates, 1971, supra;

It further appearing, that petitioners urge that delay in publishing the increase authorized in Ex Parte No. 267, Increased Freight Rates, 1971, supra, is costing the West Virginia railroads $50,000 monthly; that delay in considering the three increases authorized on interstate and foreign commerce in Ex Parte No. 262, Increased Freight Rates, 1969, supra, Ex Parte Nos. 265 and 267, and Increased Freight Rates 1970 and 1971, 339 I.C.C. 125, is costing the West Virginia railroads $200,000 monthly; that Congress recognized the hardship which delayed rate increases can cause the carriers, and it directed that "special expedition" be given to the hearing and decision in section 13(4) of the act; that efficiency requires that all the West Virginia increases be treated in a single proceeding; that the evidence required to show a burden upon or discrimination against interstate commerce is precisely the same, irrespective of the amount of the increase sought; that the petitioners' evidence submitted on or before May 31, 1971, justify the Ex Parte No. 267 increase on intrastate commerce in West Virginia, which became effective on interstate or foreign commerce on April 12, 1971; that only by granting the petition will it be possible to maintain the present schedule established by the order of April 23, 1971, avoid wasteful separate proceedings, and give "special expedition" to consideration of the carriers needs;

It further appearing, that by reply filed June 21, 1971, the Public Service Commission of West Virginia contends that before the investigation is further broadened, as requested, petitioners should be required to present to it their case for intrastate increases at the Ex Parte No. 267 level;

It further appearing, that by reply filed June 21, 1971, the Appalachian Power Co., contends that a petition for reconsideration is not proper, as consideration has not been previously extended, and that the situation in connection with the West Virginia railroads and the intrastate coal traffic does not justify the increases sought;

And it further appearing, that the petition is for reconsideration to broaden the investigation, and sets forth matters sufficient to institute an investigation into the intrastate freight rates and charges made or imposed by the State of West Virginia; that under the proviso in section 13(4) of the act, this Commission must forthwith institute an investigation into the lawfulness of such rates and charges (whether or not theretofore considered by a State agency or authority and without regard to the pendency before such State agency or authority of any proceeding relating thereto) and shall give special expedition to the hearing and decision therein;

Wherefore, and good cause appearing therefor:

It is ordered, That the petition filed May 24, 1971, for leave to seek reconsideration of the order of February 5, 1971, in the above-entitled proceeding, be, and it is hereby, granted, and that the petition for reconsideration be, and it is hereby, accepted for filing.

It is further ordered, That the petition for reconsideration be, and it is hereby, granted, and that the investigation instituted by order of the Commission, Division 2, on September 14, 1970, as supplemented, modified, or amended by the order of February 5, 1971, be, and it is hereby, broadened to investigate whether the rates and charges of the carriers by railroad operating in the State of West Virginia for the transportation of property, made or imposed by authority of the State of West Virginia, cause or will cause, by reason of the failure of said rates and charges to include increases corresponding to those permitted by this Commission for the transportation of interstate or foreign commerce in Ex Parte No. 267, Increased Freight Rates, 1971, supra, in addition to those authorized in Ex Parte No. 262, Increased Freight Rates, 1969, supra, and Ex Parte No. 265, Increased Freight Rates, 1970, supra, any undue or unreasonable advantage, preference, or prejudice, as between persons or localities in intrastate commerce, on the one hand, and interstate or foreign commerce, on the other hand, or any undue, unreasonable, or unjust discrimination against or undue burden upon interstate or foreign commerce, and to determine what rates and charges, if any or what maximum, or minimum, or maximum and minimum rates and charges shall be prescribed to remove the unlawful advantage, preference, discrimination, or undue burden, if any, that may be found to exist.

It is further ordered, That the pleadings filed by the respondents on or before May 31, 1971, as provided for in the order of April 23, 1971, in the above-entitled proceeding, shall be considered in connection with the proceeding as broadened herein; and that subsequent pleadings, hearings, or other procedings herein shall be as provided for in said order of April 23, 1971, as modified by the order of June 16, 1971.

And it is further ordered, That notice of the pendency of the broadened issues included in the investigation be given to the general public by depositing a copy of this order in the office of the Commission's Secretary in Washington, D.C., by filing a copy with the Director, Office of the Federal Register, Washington, D.C., for publication in the FEDERAL REGISTER, and by serving a copy upon each of the said petitioners, and all additional parties to the proceeding, and that the State of West Virginia be notified by sending copies of this order and of the said petition for leave to seek reconsideration and of the petition for reconsideration by certified mail to the Governor of West Virginia at Charleston, W. Va., and to the Public Service Commission of West Virginia at Charleston, W. Va. It is not contemplated that there will be any further general public notification published in the FEDERAL REGISTER of the succeeding handling of this proceeding. Additional persons may participate in this proceeding as provided in the order of April 23, 1971, as modified by the order of June 16, 1971.

By the Commission, Division 2.

[SEAL] ROBERT L. OSWALD, *Secretary.*

[FR Doc.71-11937 Filed 8-16-71;8:52 am]

[Section 5a Application 102]

COMMON CARRIER MOTOR FREIGHT ASSOCIATION

Application for Approval of Agreement

JULY 8, 1971.

The Commission is in receipt of the above-entitled and numbered application for approval of an agreement under the provisions of section 5a of the Interstate Commerce Act.

Filed May 4, 1971, by Edgar L. Ward, General Manager, Common Carrier Motor Freight Association, Inc., 2705 Swiss Avenue, Dallas, TX 75204; and Frank C. Brooks, their attorney, 630 Fidelity Union Tower, Dallas, Tex. 75201.

Agreement involves: Organization and procedures between and among motor common carrier members of Common Carrier Motor Freight Association, Inc., relating to the joint consideration, initiation, or establishment of rates or charges, classifications, allowances, rules, regulations, or practices for the transportation of property in interstate, foreign or intrastate commerce, from, to, or between points in the States of Texas, Arkansas, and New Mexico.

The complete application may be inspected at the Office of the Commission in Washington, D.C.

Any person desiring to protest and participate in this proceeding shall notify

the Commission in writing within 20 days from the date of publication of this notice in the FEDERAL REGISTER. As provided by the general rules of practice of the Commission, persons other than applicants should fully disclose their interest, and the position they intend to take with respect to the application. Otherwise, the Commission, in its discretion, may proceed to investigation and determine the matters involved without public hearing.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.71-11938 Filed 8-16-71;8:52 am]

ASSIGNMENT OF HEARINGS

AUGUST 12, 1971.

Cases assigned for hearing, postponement, cancellation or oral argument appear below and will be published only once. This list contains prospective assignments only and does not include cases previously assigned hearing dates. The hearings will be on the issues as presently reflected in the official docket of the Commission. An attempt will be made to publish notices of cancellation of hearings as promptly as possible, but interested parties should take appropriate steps to insure that they are notified of cancellation or postponements of hearings in which they are interested.

MC 107295 Sub 502, Pre-Fab Transit Co., assigned September 22, 1971, in Room 305, 1252 West Peachtree Street NW., Atlanta, GA.

MC 115826 Sub 215, W. J. Digby, Inc., assigned September 27, 1971, in Room 305, 1252 West Peachtree Street NW., Atlanta, GA.

MC 118831 Sub 77, Central Transport, Inc., assigned September 20, 1971, in Room 305, 1252 West Peachtree Street NW., Atlanta, GA.

MC 124078 Sub 483, Schwerman Trucking Co., assigned September 23, 1971, in Room 305, 1252 West Peachtree Street NW., Atlanta, GA.

MC 134838 Sub 1, Southeastern Transfer & Storage Co., Inc., assigned September 21, 1971, in Room 305, 1253 West Peachtree Street NW., Atlanta, Ga.

MC 115495 Sub 19, United Parcel Service, Inc., continued to September 22, 1971, at Albert Pick Motor Inn, 300 North Second Street, Memphis, TN.

I&S M 24488, Classification Ratings on Passenger Automobiles, Nationwide, continued to September 16, 1971, at the Offices of the Interstate Commerce Commission, Washington, D.C.

F.D. 26604, Boston and Maine Corp. (Robert W. Meserve, Paul W. Cherington, and Charles W. Bartletts, Trustees) Abandonment Between Cord and Lincoln, Merrimack, Belknap, and Grafton Counties, N.H., now assigned September 20, 1971, at Concord, N.H., and September 23, 1971, at Lincoln, N.H., is postponed indefinitely.

MC 114755 Sub 1, Newburgh Beacon Bus Corp., assigned September 13, 1971, in Surrogate Courtroom, First Floor, Newburgh Courthouse, Liberty Street, Newburgh, N.Y.

MC 117940 Sub 41, Nationwide Carriers, Inc., assigned September 27, 1971, in Judge Larsons Courtroom No. 4, Seventh Floor, Federal Building and U.S. Courthouse, 316 North Robert Street, St. Paul, MN.

MC-F-10938, Sammons Trucking—Purchase—Minnesota Trucking, Inc., and MC 124692 Sub 73, Sammons Trucking, assigned September 30, 1971, in Judge Larsons Courtroom No. 4, Seventh Floor, Federal Building and U.S. Courthouse, 316 North Robert Street, St. Paul, MN.

MC-C-7287, AAACON Auto Transport, Inc.—Investigation and Revocation of Certificate, MC-C-7287 Sub 1, AAACON Auto Transport, Inc., Petition for Declaratory Order, and FF-359, Auto Trip USA, Inc., Freight Forwarder Application, now assigned September 27, 1971, at New York, N.Y., postpone to October 18, 1971, in Room F-2220, 26 Federal Plaza, New York, N.Y.

MC 95540 Sub 796, Watkins Motor Lines, Inc., assigned October 18, 1971, at the Offices of the Interstate Commerce Commission, Washington, D.C.

MC 107515 Sub 739, Refrigerated Transport Co., Inc., assigned September 30, 1971, at the Offices of the Interstate Commerce Commission, Washington, D.C.

MC-F-11069, C. I. Whitten Transfer Co.—Purchase (Portion)—McLean Trucking Co., assigned September 27, 1971, at the Offices of the Interstate Commerce Commission, Washington, D.C.

W-497 Sub 7, United States Lines, Inc., assigned September 27, 1971, at the Offices of the Interstate Commerce Commission, Washington, D.C.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.71-11939 Filed 8-16-71;8:52 am]

[Notice 732]

MOTOR CARRIER TRANSFER PROCEEDINGS

AUGUST 12, 1971.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 1132), appear below:

As provided in the Commission's general rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 30 days from the date of service of the order. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC-72968. Dual operations are involved. By order of August 6, 1971, the Motor Carrier Board, approved the transfer, subject to conditions, to Herman Schomer, doing business as Schimer Trucking, Iron Mountain, Mich., of certificates Nos. MC-126154, MC-126154 (Sub-No. 2), MC-126154 (Sub-No. 5), and MC-126154 (Sub-No. 6) issued to Domenic Marchi, Iron Mountain, Mich., authorizing the transportation of: Malt beverages, between specified points in Wisconsin, Minnesota, Michigan, Indiana, Illinois, and Wisconsin. Robert W. Hansley, attorney, 120 North Sixth Street, Escanaba, MI 49829.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.71-11940 Filed 8-16-71;8:53 am]

[Notice 346]

MOTOR CARRIER TEMPORARY AUTHORITY APPLICATIONS

AUGUST 11, 1971.

The following are notices of filing of applications for temporary authority under section 210a(a) of the Interstate Commerce Act provided for under the new rules of Ex Parte No. MC-67 (49 CFR Part 1131), published in the FEDERAL REGISTER, issue of April 27, 1965, effective July 1, 1965. These rules provide that protests to the granting of an application must be filed with the field official named in the FEDERAL REGISTER publication, within 15 calendar days after the date of notice of the filing of the application is published in the FEDERAL REGISTER. One copy of such protests must be served on the applicant, or its authorized representative, if any, and the protests must certify that such service has been made. The protests must be specific as to the service which such protestant can and will offer, and must consist of a signed original and six copies.

A copy of the application is on file, and can be examined at the Office of the Secretary, Interstate Commerce Commission, Washington, D.C., and also in field office to which protests are to be transmitted.

MOTOR CARRIERS OF PROPERTY

No. MC 730 (Sub-No. 330 TA), filed July 29, 1971. Applicant: PACIFIC INTERMOUNTAIN EXPRESS CO., 1417 Clay Street, Post Office Box 958, 94604, Oakland, CA 94612. Applicant's representative: R. N. Cooledge (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Liquid asphalt*, in bulk, in tank vehicles, from Cedar City, Utah, to points in Clay and Hodgeman Counties, Kans., for 150 days. Supporting shipper: The Larutan Corp., 1440 South Allec Street, Anaheim, CA 92805. Send protests to: District Supervisor Wm. E. Murphy, Bureau of Operations, Interstate Commerce Commission, 450 Golden Gate Avenue, Box 36004, San Francisco, CA 94102.

No. MC 2202 (Sub-No. 395 TA), filed August 2, 1971. Applicant: ROADWAY EXPRESS, INC., 1077 Gorge Boulevard, Post Office Box 471, Akron, OH 44309. Applicant's representative: Douglas W. Farris (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities* (except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk and commodities requiring special equipment), serving points in Murray County, Ga., as off-route points in connection with applicant's regular route authority to serve Dalton, Ga., and Chattanooga, Tenn., for 180 days. Supporting shippers: Galaxy Carpet Mills, Inc., Post Office Box 800, Chatsworth, GA 30795; Highland Carpet Mills, Inc., Green Road, Post Office Box

740, Chatsworth, GA 30705; Empire-West Carpet Mills, Post Office Box 1739, Dalton, GA 30720; Johns-Manville Products Corp., Post Office Box 129, Dalton, GA 30720; Diamond Mill, Post Office Box 46, Eton, GA 30724; Len-Dal Carpets & Rugs, Inc., Route 1, Chatsworth, GA 30705; Lehigh Portland Cement Co., Carpet Department, Chatsworth, GA 30705. Send protests to: G. J. Baccei, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 181 Federal Office Building, 1240 East Ninth Street, Cleveland, OH 44199.

No. MC 74093 (Sub-No. 1 TA), filed July 29, 1971. Applicant: BERNARD J. FACCHINO AND ROBERT B. FACCHINO, a partnership, doing business as, FACCHINO LINES, 699 North Sixth Street, San Jose, CA 95112. Applicant's representative: John Paul Fischer, 140 Montgomery Street, San Francisco, CA 94104. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Bananas*, in temperature controlled vehicles, from the international boundary between the U.S.A. and Mexico, at or near San Ysidro, Calif., to the cities of San Jose, South San Francisco, San Francisco, Oakland, San Leandro, and Richmond, Calif., for 180 days. Supporting shippers: Lucky Stores, Inc., 1701 Marina Boulevard, San Leandro, CA 94577; A. Levy & J. Zentner Co., Post Office Box 2288, Golden Gate Produce Terminal, South San Francisco, CA 94080; Standard Fruit & Steamship Co., 131 Terminal Court, Golden Gate Produce Terminal, South San Francisco, CA 94080; Mayfair Markets, 3925 Alameda Avenue, Oakland, CA 94601; Growers Produce, 380 Third Street, Oakland, CA 94607. Send protests to: Claud W. Reeves, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 450 Golden Gate Avenue, Box 36004, San Francisco, CA 94102.

No. MC 97397 (Sub-No. 10 TA), filed August 2, 1971. Applicant: MARVIN M. BARKLEY, doing business as BARKLEY TRUCK LINES, 604 Fourth Street SW., Watertown, SD 57201. Applicant's representative: Irving A. Hinderaker, Post Office Box 766, Watertown, SD 57201. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Packinghouse products, including carcass meats, fresh meats, gelatins, shortenings, fertilizer, and offal products*, having a prior movement by rail or motor carrier, from Huron, S. Dak., to points in Beadle, Campbell, Day, Faulk, Hand, Kingsbury, Potter, Sully, Brookings, Clark, Deuel, Grant, Hughes, Marshall, Roberts, Walworth, Brown, Codington, Edmunds, Hamlin, Hyde, McPherson, and Spink Counties, S. Dak., for 180 days. Supporting shipper: Geo. A. Hormel & Co., Austin, Minn., Dale D. Peters, Assistant Transportation Manager. Send protests to: J. L. Hammond, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Room 369, Federal Building, Pierre, S. Dak. 57501.

No. MC 102806 (Sub-No. 19 TA) (Amendment), filed June 18, 1971, published FEDERAL REGISTER July 1, 1971, amended and republished as amended this issue. Applicant: PETROLEUM TRANSPORTATION, INCORPORATED, Post Office Box 399, 701 East Davis Street, Gastonia, NC 28052. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Petroleum and petroleum products (excepting liquid chemicals)* in bulk, in tank vehicles, from Tyner, Tenn., to points in Clay County, N.C., for 180 days. Supporting shipper: Murphy Oil Corp., Post Office Box 15204, Nashville, TN 37215. Send protests to: Jack K. Huff, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 316 East Morehead, Suite 417 (BSR Building), Charlotte, NC 28202. NOTE: The purpose of this republication is to amend by adding the restriction to the commodity description.

No. MC 107496 (Sub-No. 817 TA) (correction), filed July 22, 1971, published FEDERAL REGISTER August 4, 1971, corrected and republished in part as corrected this issue. Applicant: RUAN TRANSPORT CORPORATION, Keosauqua Way at Third Street, Post Office Box 855 (50304), Des Moines, IA 50309. Applicant's representative: Henry L. Fabritz, (same address as above). NOTE: The purpose of this partial republication is to add "Iowa" as a destination point which was inadvertently omitted in previous publication, and to delete Wisconsin which was shown twice in publication. The rest of the notice remains the same.

No. MC 109689 (Sub-No. 224 TA), filed July 30, 1971. Applicant: W. S. HATCH CO., 643 South 800 West Street, Wood Cross, UT 84087. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Uranium liquor*, in bulk, from Rifle, Colo., to Gas Hills, Wyo., for 180 days. Supporting shipper: Union Carbide Corp., One California, San Francisco, Calif. 94111, (Paul J. Wellnitz, Distribution Manager). Send protests to: John T. Vaughan, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 5239 Federal Building, Salt Lake City, Utah 84111.

No. MC 114789 (Sub-No. 37 TA), filed August 2, 1971. Applicant: Nationwide Carriers, Inc., Post Office Box 104, Maple Plain, MN 55359. Applicant's representative: M. James Levitus (same address as above). Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes transporting: *Packaged food products*, from St. Paul, Minn., to Fond du Lac, Green Bay, Kenosha, Madison, Milwaukee, Neenah, Oconomowoc, Oshkosh, Rhinelander, Sheboygan, Sister Bay, Stevens Point, Wausau, and Wisconsin Rapids, Wis., and from Danville, Harrisburg, and Peoria, Ill., to St. Paul, Minn., for 180 days. Supporting shipper: Gourmet Foods, Inc., 1020 Raymond Avenue, St. Paul, MN 55114. Send protests to: A. N. Spath, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 448 Federal Building and U.S. Courthouse, 110 South Fourth Street, Minneapolis, MN 55401.

No MC 117903 (Sub-No. 9 TA), filed July 30, 1971. Applicant: GENE ADAMS REFRIGERATED TRUCKING SERVICE, INC., 600 Cayuga Creek Road, Buffalo, NY, 14225. Applicant's representative: Raymond A. Richards, 23 West Main Street, Webster, NY 14580. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Refrigerated products*, between points in New York, on the one hand, and, on the other, points in Hudson, Essex, Passaic, Union, Bergen, and Middlesex Counties, N.J., for 180 days. Supporting shippers: Universal Foods Corp., 800 Mill Street, Belleville, NJ 07109; Thomas' Frozen Foods, Inc., 33-01 Queens Boulevard, Long Island City, NY 11101; Simon-Pure Food Products, 65 Central Avenue, Passaic, NJ; Dak Foods Inc., Lexington Avenue, Box 66, East Brunswick, NJ 08816; Rich Products Corp., 1145 Niagara Street, Buffalo, NY 14213; Freezer Queen Foods, Inc., 901 Fuhrman Boulevard, Buffalo, NY 14203. Send protests to: George M. Parker, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 518 Federal Office Building, 121 Ellicott Street, Buffalo, NY 14203.

No. MC 133229 (Sub. No. 10 TA), filed July 30, 1971. Applicant: COATS FREIGHTWAYS, INC., 601 32d Avenue, Post Office Box 415, Council Bluffs, IA 51501. Applicant's representative: Donald L. Stren, 530 Univac Building, 7100 West Center Road, Omaha, NE 68106. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products and meat byproducts*, from Grand Island, Nebr., to points in Maine, New Hampshire, Vermont, and Illinois, for 180 days. Supporting shipper: Swift Fresh Meats Co., 115 Jackson Boulevard, Chicago, IL 60604. Send protests to: Carroll Russell, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 705 Federal Office Building, Omaha, Nebr. 68102.

No. MC 133566 (Sub-No. 12 TA) (Correction), filed July 16, 1971, published FEDERAL REGISTER August 4, 1971, corrected and republished in part as corrected this issue. Applicant: ROBERT GANGLOFF AND ROBERT DOWNHAM doing business as GANGLOFF AND DOWNHAM, Post Office Box 676, Logansport, IN 46947. Applicant's representative: Jack H. Blanshan, 29 South La Salle Street, Chicago, IL 60603. NOTE: The purpose of this partial republication is to set forth the correct origin point as Sodus, Mich., in lieu of Dodus, Mich., shown erroneously in previous publication. The rest of the notice remains the same.

No. MC 134286 (Sub-No. 12 TA), filed July 29, 1971. Applicant: ARCTIC TRANSPORT, INC., 1005 West South Omaha Bridge Road, Council Bluffs, IA 51501. Applicant's representative:

Charles J. Kimball, Post Office Box 82028, Lincoln, NE 68105. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Meats, meat products, meat by-products and articles distributed by meat packinghouses* as described in sections A and C of appendix 1 to the report in descriptions case, from the plantsite and storage facilities of Astro Kansas Meat Packers at or near Holton, Kans., to points in Pennsylvania, Maryland, Washington, D.C., New York, New Jersey, Connecticut, Rhode Island, and Massachusetts, for 180 days. Supporting shipper: Astro Kansas Meat Packers, Post Office Box 327, Holton, KS 66436. Send protests to: Carroll Russell, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 705 Federal Office Building, Omaha, Nebr. 68102.

No. MC 134868 (Sub-No. 1 TA), filed July 28, 1971. Applicant: COIN DEVICES CORP., 68 Broad Street, Elizabeth, NJ 07201. Applicant's representative: Robert B. Pepper, 174 Brower Avenue, Edison, NJ 08817. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: (1) *Coins, currency, and checks*, between Nanuet, N.Y., and Elizabeth, N.J., under a continuing contract with Bamberger's, Newark, N.J.; (2) *coins, rare and precious metals*, between points in New Jersey, on the one hand, and, on the other, Hudson, and New York, N.Y., Providence, R.I., Boston, Mass., and Philadelphia, Pa.; (3) *coins*, between New York, N.Y., and Elizabeth, N.J., under a continuing contract with Community National Bank, Staten Island, N.Y.; (4) *coins, currency, and checks*, between Elizabeth, N.J., and New York, N.Y., under a continuing contract with The National State Bank, Elizabeth, N.J.; (5) *coins, rare and precious metals and bullion*, between points in New Jersey, on the one hand, and, on the other, New York, N.Y., Philadelphia, Pa., Province, R.I., Boston, Mass., and Chicago, Ill., under a continuing contract with Pep Levin, Inc., Pennsauken, N.J.; and (6) *coins, rare and precious metals and bullion*, between points in New Jersey, on the one hand, and, on the other, Chicago, Ill., Providence, R.I., Boston, Mass., Philadelphia, Pa., and New York, N.Y., under a continuing contract with Philipp Bros., New York, N.Y. for 180 days. Supporting shippers: Bamberger's, Newark, N.J.; Commonwealth Silver Industries, Ltd., Milburn, N.J.; National Bank, Staten Island, N.Y.; The National State Bank, Elizabeth, N.J.; Pep Levin, Inc., Pennsauken, N.J.; and Philipp Bros., New York, N.Y. Send protests to: District Supervisor, Robert E. Johnston, Bureau of Operations, Interstate Commerce Commission, 970 Broad Street, Newark, NJ 07102.

No. MC 135609 (Sub-No. 1 TA), filed August 2, 1971. Applicant: FRED W. MOHOLLAND, Princeton, Maine 04668. Applicant's representative: Frederick T. McGonagle, 36 Main Street, Gorham, ME 04038. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: (1) *Cardboard corrugating medium*, from the port of entry on the international boundary line between the United States and Canada located at or near Calais, Maine, to Winchendon, Mass.; Pawtucket, R.I.; West Hempstead, Ridgewood, and Corning, N.Y.; Newark, N.J.; and Philadelphia, Pa.; and (2) *waste cardboard*, from Chelsea, Salem, and Worcester, Mass., to the port of entry on the international boundary line between the United States and Canada located at or near Calais, Maine for 180 days. Supporting shipper: Fundy Forest Industries Ltd., Box 180, St. George, NB Canada. Send protests to: Donald G. Weiler, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 307, 76 Pearl Street, Post Office Box 167 PSS, Portland, ME 04112.

No. MC 135642 (Sub-No. 1 TA) (Amendment), filed June 24, 1971, published FEDERAL REGISTER July 8, 1971, amended and republished in part as amended this issue. Applicant: SHREVEPORT PACKING COMPANY, INC., OF KANSAS, 1801 Kings Highway, Shreveport, LA 71103. Applicant's representatives: Rock and Smith, 403 A.C. Office Building, Arkansas City, Kans. 67005. NOTE: The purpose of this partial republication is to exclude Houston, Tex., as a service point in the destination territory. The rest of the notice remains the same.

No. MC 135783 (Sub-No. 1 TA), filed August 2, 1971. Applicant: RICHARD HOUGHTON AND AL BOTTINEAU, doing business as TITAN TRANSPORT CO., 746 North Texas, Fairfield, CA 94533. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Bananas*, in temperature controlled equipment, from the international boundary between the United States and Mexico at or near San Ysidro, Calif., to San Francisco, Oakland, and Alameda, Calif., for 180 days. Supporting shippers: Standard Fruit & Steamship Co., 131 Terminal Court, Golden Gate Produce Terminal, South San Francisco, CA 94080.; A. Levy & J. Zentner Co., Post Office Box 2288, Golden Gate Produce Terminal, South San Francisco, CA 94080. Send protests to: District Supervisor, Wm. E. Murphy, Bureau of Operations, Interstate Commerce Commission, 450 Golden Gate Avenue, Box 36004, San Francisco, CA 94102.

By the Commission.

[SEAL] ROBERT L. OSWALD, *Secretary.*

[FR Doc.71-11941 Filed 8-16-71;8:53 am]

[Notice 347]

MOTOR CARRIER TEMPORARY AUTHORITY APPLICATIONS

AUGUST 12, 1971.

The following are notices of filing of applications for temporary authority under section 210a(a) of the Interstate Commerce Act provided for under the new rules of Ex Parte No. MC-67 (49 CFR Part 1131), published in the FEDERAL REGISTER, issue of April 27, 1965, effective July 1, 1965. These rules provide that protests to the granting of an application must be filed with the field official named in the FEDERAL REGISTER publication, within 15 calendar days after the date of notice of the filing of the application is published in the FEDERAL REGISTER. One copy of such protests must be served on the applicant, or its authorized representative, if any, and the protests must certify that such service has been made. The protests must be specific as to the service which such protestant can and will offer, and must consist of a signed original and six copies.

A copy of the application is on file, and can be examined at the Office of the Secretary, Interstate Commerce Commission, Washington, D.C., and also in field office to which protects are to be transmitted.

MOTOR CARRIERS OF PROPERTY

No. MC 19778 (Sub-No. 74 TA), filed August 5, 1971. Applicant: MILWAUKEE MOTOR TRANSPORTATION COMPANY, 516 West Jackson Boulevard, Room 508, Chicago, IL 60606. Applicant's representative: L. H. Tietz (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities*, except those of unusual value, classes A and B explosives, household goods as defined by the Commission, commodities in bulk, commodities requiring special equipment and those injurious or contaminating to other lading, between Seattle and Blaine, Wash., over Interstate Highway 5, serving the intermediate points of Bellingham and Everett, Wash., and the off-route point of Sumas, Wash. Restriction: The service authorized herein is restricted to traffic having a prior or subsequent movement by rail, for 150 days. Supporting shippers: G. H. Kronberg, vice president—Traffic, Chicago, Milwaukee, St. Paul and Pacific Railroad Co., Union Station, 516 West Jackson Boulevard, Chicago, IL 60606; Kerr Steamship Co., Inc., 1 California Street, San Francisco, CA 94111. Send protests to: William J. Gray, Jr., District Supervisor, Interstate Commerce Commission, Bureau of Operations, Everett McKinley Dirksen Building, 219 South Dearborn Street, Room 1086, Chicago, IL 60604.

No. MC 80430 (Sub-No. 140 TA), filed August 4, 1971. Applicant: GATEWAY TRANSPORTATION CO., INC., 2130 South Avenue, La Crosse, WI 54601. Applicant's representative: Joseph E. Ludden (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over regular routes, transporting: *General commodities*, except those of unusual value, commodities requiring special equipment, and those injurious or contaminating to other lading, serving Franklin and Springfield, Tenn., as off-route points in connection with carrier's presently authorized routes, for 180 days. NOTE: Applicant states it does intend to tack the authority in MC 80430. Supporting shippers:

UNARCO Industries, Inc., 701 16th Avenue East, Springfield, TN 37172; CPS Industries, Inc., Columbia Highway, Franklin, Tenn. 37064; Wilson Sporting Goods, Co., 2233 West Street, River Grove, IL 60171. Send protests to: Barney L. Hardin, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 139 West Wilson Street, Room 206, Madison, WI 53703.

No. MC 98707 (Sub-No. 12 TA), filed August 2, 1971. Applicant: MILES MOTOR TRANSPORT SYSTEM, 949 Ferry Street, Oakland, CA 94607. Applicant's representative: Gene Osborne (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *General commodities*, between the international boundary between the United States and Canada at or near Blaine, Wash., and San Francisco Calif., and between the international boundary between the United States and Mexico at or near San Ysidro, Calif., and Los Angeles, Calif., for 180 days. NOTE: Applicant states it does intend to tack the authority in Docket No. MC-98707. Supporting shippers: Balfour, Guthrie & Co., Ltd., 1 Maritime Plaza, San Francisco, CA; James J. Boyle & Co., 550 Montgomery Street, San Francisco, CA 94111; Connell Bros. Co., Ltd., 320 California Street, San Francisco, CA 94104; General Steamship Corp., Ltd., 400 California Street, San Francisco, CA 94104; Golden Bear Wine Co., J. Sosnick & Son, 258 Littlefield Avenue, South San Francisco, CA 94080; Hoyt, Shepston & Sciaroni, Inc., 30 Hotalling Place, San Francisco, CA 94111; Axel Johnson Corp., 400 California Street, San Francisco, CA 94104; The Nestle Co., Inc., 520 South El Camino Real, San Mateo, CA 94402. Send protests to: District Supervisor Wm. E. Murphy, Bureau of Operations, Interstate Commerce Commission, 450 Golden Gate Avenue, San Francisco, CA 94102.

No. MC 119789 (Sub-No. 86 TA), filed August 5, 1971. Applicant: CARAVAN REFRIGERATED CARGO, INC., Post Office Box 6188, Dallas, TX 75222. Applicant's representative: James T. Moore (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Canned and preserved foodstuffs*, from Lafayette and New Iberia, La., to points in Kansas, Oklahoma, Texas, Arkansas, Colorado, New Mexico, Arizona, and California, for 180 days. NOTE: Applicant does not intend to tack authority. Supporting shipper: B. F. Trappey's Sons, Inc., New Iberia, La. Send protests to: District Supervisor E. K. Willis, Jr., Interstate Commerce Commission, Bureau of Operations, 1100 Commerce Street, Room 13C12, Dallas, TX 75202.

No. MC 124964 (Sub-No. 13 TA), filed August 5, 1971. Applicant: JOSEPH M. BOOTH, doing business as J. M. BOOTH TRUCKING, Post Office Box 907, Eustis, FL 32726. Office: Highway 441 and Haines Creek Road, Tavares, FL. Applicant's representative: George A. Olsen, 69 Tonnele Avenue, Jersey City, N.J. 07306. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Such commodities* used or useful in the manufacture and sale of wearing apparel, and *wearing apparel*, between points in Hudson, Bergen, Essex, Passaic, Middlesex, Union, and Somerset Counties, N.J., Nassau, Suffolk, Westchester, Rockland Counties, N.Y., and New York, N.Y., on the one hand, and, on the other, points in Brevard, Broward, Dade, Duval, Hillsborough, Indian River, Lake, Martin, Orange, Pinellas, Palm Beach, St. Johns, St. Lucie, and Volusia Counties, Fla., for 150 days. Supporting shipper: Unity Consolidated, Inc., 570 Seventh Avenue, New York, NY 10018. Send protests to: District Supervisor G. H. Fauss, Jr., Bureau of Operations, Interstate Commerce Commission, Box 35008, 400 West Bay Street, Jacksonville, FL 32202.

No. MC 125045 (Sub-No. 10 TA), filed August 5, 1971. Applicant: SHERMAN MOLDE, doing business as MOLDE TRUCKING COMPANY, 955 – 11¼ Street SW., Rochester, MN 55901. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Malt beverages*, from Milwaukee, Wis., to Rochester, Minn. Restriction: Service proposed will be limited to a service performed under a continuing contract with Hamm's Rochester Distributing Co., Inc., of Rochester, Minn., for 150 days. Supporting shipper: Hamm's Rochester Distributing Co., Inc., Post Office Box 139, Rochester, MN 55901. Send protests to: A. N. Spath, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 448 Federal Building and U.S. Courthouse, 110 South Fourth Street, Minneapolis, MN 55401.

No. MC 125380 (Sub-No. 1 TA), filed August 2, 1971. Applicant: SOULANGES CARTAGE & EQUIPMENT COMPANY, LIMITED, 7150 Hochelaga Street, Montreal 5, PQ Canada. Applicant's representative: William D. Traub, 10 East 40th Street, New York, NY 10016. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Cement*, in bags and in bulk, from ports of entry on the United States-Canada boundary line in New Hampshire, New York, Vermont, and Maine, to points in New York, except Clinton, Essex, Franklin, Hamilton, Herkimer, Jefferson, Lewis, and St. Lawrence Counties; Vermont (except Addison, Caledonia, Chittenden, Essex, Franklin, Lamoille, Orange, Orleans, and Washington Counties); New Hampshire (except Carroll, Coos, and Grafton Counties); and points in Maine, Massachusetts, and Connecticut, for 180 days. Supporting shipper: Canada Cement Lafarge Ltd., 606 Cathcart Street, Montreal 111, PQ Canada. Send protests to: Martin P. Monaghan, Jr., District Supervisor, Interstate Commerce Commission, Bureau of Operations, 52 State Street, Room 5, Montpelier, VT 05602. NOTE: Applicant proposes to serve its present contract shipper into the extended territory which is the subject of this application. Applicant is now serving shipper under its permit MC 125380.

No. MC 127803 (Sub-No. 2 TA), filed August 4, 1971. Applicant: B. GARCIA TRUCKING CO., 2760 North 45th Street, East St. Louis, IL 62201. Applicant's representative: Michael A. Katz, 101 South High Street, Belleville, IL 62220. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Sulfuric acid*, in bulk, in tank vehicles, from St. Louis, Mo., to points in Illinois, for 180 days. Supporting shipper: Ernest B. Wood, General Traffic Manager, American Metal Climax, Inc., 1270 Avenue of the Americas, New York, NY 10020. Send protests to: Harold C. Jolliff, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 325 West Adams Street, Room 476, Springfield, IL 62704.

No. MC 128024 (Sub-No. 5 TA), filed August 4, 1971. Applicant: BUILDING TRANSPORTATION COMPANY, 6100 North Central Expressway, Dallas, TX 75206. Applicant's representative: Hugh T. Matthews, 630 Fidelity Union Tower, Dallas, Tex. 75201. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Portable buildings and equipment, materials and supplies* used in the construction thereof, between points in the United States, for the account of Morgan Portable Building Co., for 180 days. NOTE: Carrier does not intend to tack authority. Supporting shipper: Morgan Portable Building Corp., Post Office Box 35847, Dallas, TX 75235. Send protests to: District Supervisor E. K. Willis, Jr., Interstate Commerce Commission, Bureau of Operations, 1100 Commerce Street, Room 13C12, Dallas, TX 75202.

No. MC 128988 (Sub-No. 15 TA), filed August 5, 1971. Applicant: JO/KEL, INC., Post Office Box 22265, Los Angeles, CA 90022. Applicant's representative: Dr. J. Max Harding, Post Office Box 82028, Lincoln, NE 68501. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Fabrics and such merchandise* as is sold by fabric stores and *materials, supplies and equipment* utilized in the installation and operation of retail fabric stores; (1) from the facilities utilized by House of Fabrics of South Carolina, Inc., and its affiliates, near Montclair, San Bernardino County, Calif., to retail stores utilized by House of Fabrics of South Carolina, Inc., and its affiliates at or near Aurora, Colorado Springs, and Greeley, Colo.; Enfield and Meriden, Conn.; Atlanta, Ga.; Norridge and Schaumberg, Ill.; Bloomington and Indianapolis, Ind.; Salina, Kans.; Lexington and Louisville, Ky.; Kalamazoo, Mich.; St. Louis, Mo.; Sparks, Nev.; Turnersville, N.J.; Richmond Heights, Ohio; Corvallis, Oreg.; Brookhaven, Pa.; Ogden, Utah; and Casper, Wyo.; (2) from the distribution facilities of House of Fabric of South Carolina, Inc., at or near Mauldin, S.C., to Montebello, Oakland, San Francisco, and Sun Valley, Calif.;

Denver, Colo.; and Seattle, Wash. Restriction: The transportation authorized is restricted against the transportation of commodities which by reason of size or weight require the use of special equipment or handling; and further restricted to a transportation service to be performed under a continuing contract, or contracts, with House of Fabrics of South Carolina, Inc., for 150 days. Supporting shipper: House of Fabrics of South Carolina, Inc., Executive Offices, 11250 Sherman Way, Sun Valley, CA 91362. Send protests to: Walter W. Strakosch, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 7708, Federal Building, 300 North Los Angeles Street, Los Angeles, CA 90012.

No. MC 129615 (Sub-No. 6 TA), filed August 5, 1971. Applicant: AMERICAN INTERNATIONAL DRIVEWAY, 2000 West 16th Street, Long Beach, CA 90813. Applicant's representative: E. Arthur Moff (same address as above). Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Motorhomes* (recreational vehicles), in driveway service, between Elkhart and Decatur, Ind., and points in the United States, for 150 days. Supporting shippers: Pace-Arrow of Indiana, Inc., 1410 Patterson Street, Decatur, IN 46733; Beechwood Industries, Inc., Post Office Box 1467, Hemet, CA 92343. Send protests to: Walter W. Strakosch, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Room 7708, Federal Building, 300 North Los Angeles Street, Los Angeles, CA 90012.

No. MC 134696 (Sub-No. 2 TA), filed August 5, 1971. Applicant: BEAR CAT, INC., 1750 Homedale Road, Klamath Falls, OR. 97601. Applicant's representative: Jerry R. Woods, 100 Southwest Market Street, Portland, OR. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Asphalt, road oil, petroleum fuels, and cutter stock*, between points in Klamath and Jackson Counties, Oreg.; and Modoc, Siskiyou, Del Norte, Lassen, Shasta, Trinity, Humboldt, and Contra Costa Counties, Calif., and Curry County, Oreg., for 180 days. Supporting Shipper: Witco Chemical Corp., 1800 Avenue of the Stars, Century City, Los Angeles, CA. 90067. Send protests to: A. E. Odoms, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 450 Multnomah Building, Portland, Oreg. 97204.

No. MC 135556 (Sub-No. 1 TA), filed August 2, 1971. Applicant: RAYMOND R. CARPENTER AND JAMES E. CARPENTER, doing business as CARPENTER BROS. TRUCKING, Route No. 2, Box 5, Bucyrus, OH 44820. Applicant's representative: Gerald P. Wadkowski, 85 East Gay Street, Room 606, Columbus, OH 43215. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Dry ammonia nitrate*, in bulk, in dump vehicles, between points in Crawford and Seneca Counties, Ohio, on the one hand, and Terre Haute, Ind., on the other, under continuing contract with Crawford County Farm Bureau Cooperative Association and Seneca County Farm Bureau Cooperative Association, Inc., for 180 days. Supporting shippers: Seneca County Farm Bureau Cooperative Association, Inc., State Route 98 near Bucyrus, Ohio; Crawford County Farm Bureau Cooperative Association, Leitner Avenue, Tiffin, Ohio. Send protests to: Keith D. Warner, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 5234 Federal Office Building, 234 Summit Street, Toledo, OH 43604.

No. MC 135843 (Sub-No. 1 TA), filed July 30, 1971. Applicant: IOWA GATEWAY, INC., doing business as IOWA GATEWAY TERMINAL, River Road, Keokuk, IA 52632. Applicant's representative: Robert F. Holz, Jr., 400 Empire Building, Des Moines, Iowa 50309. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Hot rolled steel coil*, from Iowa Gatewal Terminal, Iowa, to plantsite of International Harvester Co., East Moline, Illinois Works, East Moline, Ill., restricted to shipments having prior water movement, for 180 days Supporting shipper: Mitsui & Co. (USA), Inc., Nato Ebata, Traffic Manager, Chicago, Ill. Send protests to: Ellis L. Annett, District Supervisor, Bureau of Operations, Interstate Commerce Commission, 677 Federal Building, Des Moines, Iowa 50309.

No. MC 135850 TA, filed August 4, 1971. Applicant: GOLDEN INDUSTRIAL SERVICE, INC., 619 19th Street, Golden, CO. 80401. Applicant's representative: Roger Sollenbarger, Capital Life Building, Denver, Colo. 80203. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Recyclable aluminum cans*, from Golden, Colo., to Denver, Colo., restricted to shipments having a subsequent movement by rail, for 180 days. Supporting shippers: Adolph Coors Co., Golden, Colo.; National Iron & Metal Co., 100 South Santa Fe Drive, Denver, CO. Send protests to: District Supervisor Roger L. Buchanan, Interstate Commerce Commission, Bureau of Operations, 2022 Federal Building, Denver, Colo. 80202.

No. MC 135857 TA, filed August 4, 1971. Applicant: JET TRANSIT COMPANY, 101 North Springfield Street, Virden, IL 62690. Applicant's representative: Carl L. Steiner, 36 South La Salle Street, Chicago, IL 60603. Authority sought to operate as a *common carrier*, by motor vehicle, over irregular routes, transporting: *Plate steel*, from Beardstown, Ill., to Springfield, Ill., for 150 days. Supporting shipper: (Mrs.) Mary Fukawa, Traffic Department, Ataka America, Inc., Suite 3440, John Hancock Center, 875 North Michigan Avenue, Chicago, IL 60611. Send protests to: Harold C. Jolliff, District Supervisor, Interstate Commerce Commission, Bureau of Operations, 325 West Adams Street, Room 476, Springfield, IL 62704.

No. MC 135858 TA, filed August 4, 1971. Applicant: A. G. KNORR, ROBERT D. KNORR and GENE A. KNORR, doing business as KNORR TRUCKING, Sawyer, N. Dak. 58781. Applicant's representative: Harris P. Kenner, Post Office Box 36, Minot, ND 58701. Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: (a) *Packaged oil and grease products and containers*, from Shreveport (Blanchard), La., to Minot, N. Dak., from Westland Oil Co.; and (b) *beer*, from Minneapolis, Minn.; Milwaukee, Wis.; Peoria Heights, Ill.; and Omaha, Nebr.; to Minot, N. Dak., for Morelli's Distributing, Inc., for 180 days. Supporting shippers: Westland Oil Co., Minot, N. Dak. 58701; Morelli's Distributing, Inc., 309 Ninth Street NE., Post Office Box 1517, Minot, ND 58701. Send protests to: J. H. Ambs, District Supervisor, Bureau of Operations, Interstate Commerce Commission, Post Office Box 2340, Fargo, ND 58102.

No. MC 135860 TA, filed August 5, 1971. Applicant: TOM PAINE, doing business as PAINE TRUCKING COMPANY, Star Route, Bovina, Tex. 79009. Applicant's representative: Tom Paine (same address as above). Authority sought to operate as a *contract carrier*, by motor vehicle, over irregular routes, transporting: *Dry freight consisting of canned fruits, canned vegetables, canned juices, and other dry food products*, from San Jose, San Francisco, and Los Angeles, Calif., to Dalhart, Tex. for 180 days. Supporting shipper: H.W.B. Grocery Co., Inc., Post Office Box 271, Dalhart, TX 79022. Send protests to: Haskell E. Ballard, District Supervisor, Interstate Commerce Commission, Bureau of Operations, Box H-4395, Herring Plaza, Amarillo, TX 79101.

By the Commission.

[SEAL] ROBERT L. OSWALD, *Secretary.*

[FR Doc.71-11942 Filed 8-16-71;8:53 am]

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federal register

TUESDAY, AUGUST 17, 1971
WASHINGTON, D.C.

Volume 36 ■ Number 159

PART II



ENVIRONMENTAL PROTECTION AGENCY

■

Standards of Performance for New Stationary Sources

■

Notice of Proposed Rule Making

ENVIRONMENTAL PROTECTION AGENCY

[42 CFR Part 466]

STANDARDS OF PERFORMANCE FOR NEW STATIONARY SOURCES

Proposed Standards for Five Categories

Pursuant to section 111 of the Clean Air Act, as amended, the Administrator published in the FEDERAL REGISTER of March 31, 1971 (36 F.R. 5931), an initial list of five stationary source categories which contribute significantly to air pollution which causes or contributes to the endangerment of public health or welfare. Publication of the list constituted an announcement of the Administrator's intention of establishing, under section 111, standards of performance applicable to new sources within the listed categories. The regulations proposed herein set forth the standards of performance applicable to the five categories. As required by section 111 of the Act, it is the Administrator's intent that standards of performance "reflect the degree of emission reduction which (taking into account the cost of achieving such reduction) the Administrator determines has been adequately demonstrated". The standards of performance set forth herein are based on stationary source testing conducted by the Environmental Protection Agency and/or contractors and on data derived from various other sources, including the available technical literature. Summaries of the pertinent data, including cost-effectiveness data, are available free of charge from the Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711. Any additional data, including cost-effectiveness data, which can be obtained within the period for comment on these proposed regulations will be taken into consideration prior to promulgation of the standards of performance.

Pursuant to section 114 of the Act, these proposed regulations set forth requirements and establish procedures related to the implementation and enforcement of standards of performance. The test methods to be used in determining compliance with the standards of performance proposed herein are described in detail. It should be noted that the test method applicable to particulate emissions differs from the particulate test method of the American Society of Mechanical Engineers. The particulate test method set forth herein is designed to permit measurement of particulate matter under conditions approximating as closely as possible the conditions under which determination is made of the concentrations of particulate matter in ambient air.

Among other things, these regulations would also establish certain requirements for the installation, use, and maintenance of emission monitoring instruments; certain performance specifications applicable to such instruments are set forth. Additional guidance on the selection and use of such instruments will be provided at a later date.

These proposed regulations do not include provisions for implementation of section 111(d) of the Act, under which States would be expected to establish emission standards for existing stationary sources of certain pollutants. It is anticipated that such regulations will be published for comment at the time that the Administrator promulgates the standards of performance proposed herein.

Also omitted from the proposed regulations are provisions for delegations of authority to States under section 111(c). Nevertheless, it is the Administrator's intention to encourage States to assume the principal responsibility for enforcement of standards of performance. Toward this end, procedures for delegating authority will be established early next year, after the States have submitted their plans for implementation of national ambient air quality standards.

In accordance with section 117(f) of the Act, publication of these proposed standards was preceded by consultation with appropriate advisory committees, independent experts, and Federal departments and agencies.

Interested persons may participate in this rule making by submitting written comments in triplicate to the Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711, Attention: Mr. Goodwin. The Administrator will welcome comments on all aspects of the proposed regulations, including economic and technological issues, and on the proposed test methods. All relevant comments received not later than 45 days after the date of publication of this notice will be considered. Receipt of comments will be acknowledged, but the Office of Air Programs will not provide substantive responses to individual comments. The standards, modified if and as the Administrator deems appropriate after consideration of comments, will be promulgated no later than 90 days from the date of publication of this notice, as required by the Act.

This notice of proposed rule making is issued under the authority of section 111 and section 114 of the Clean Air Act; Public Law 91-604, 84 Stat. 1713.

Dated: August 3, 1971.

ROBERT W. FRI,
Acting Administrator,
Environmental Protection Agency.

A new Part 466 would be added to Chapter IV, Title 42, Code of Federal Regulations as follows:

PART 466—STANDARDS OF PERFORMANCE FOR NEW STATIONARY SOURCES

Subpart A—General Provisions

Sec.
466.10 Applicability.
466.11 Definitions.
466.12 Abbreviations.
466.13 Determination of construction or modification.
466.14 Notification of commencement of construction or modification.
466.15 Performance tests.
466.16 Review of plans.
466.17 Implementation and enforcement.
466.18 Availability of information.
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Subpart B—Standards of Performance for Fossil Fuel-Fired Steam Generators

466.20 Applicability and designation of affected facility.
466.21 Definitions.
466.22 Standard for particulate matter.
466.23 Standard for sulfur dioxide.
466.24 Standard for nitrogen oxides.
466.25 Emission and fuel monitoring.
466.26 Test methods and procedures.

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Subpart A—General Provisions

§ 466.10 Applicability.

The provisions of this part apply to the owner or operator of any new source, the construction or modification of which is commenced after the date of publication in the FEDERAL REGISTER of proposed standards of performance which will be applicable to each source.

§ 466.11 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Act" means the Clean Air Act (42 U.S.C. 1857 et seq., as amended by Public Law 91-604, 84 Stat. 1676).

(b) "Administrator" means the Administrator of the Environmental Protection Agency or his authorized representative.

(c) "Standard of performance" or "standard" means a standard for emissions of air pollutants proposed or promulgated by the Administrator pursuant to section 111(b) of the Act.

(d) "Stationary source" means any building, structure, facility, or installation which emits or may emit any air pollutant.

(e) "Affected facility" means, with reference to a stationary source, any apparatus to which a standard of performance is specifically applicable.

(f) "Owner or operator" means any person who owns, leases, operates, controls, or supervises an affected facility or a stationary source of which an affected facility is a part.

(g) "New source" means any affected facility, the construction or modification of which is commenced after the publication in the FEDERAL REGISTER of proposed standards of performance which will be applicable to such facility.

(h) "Construction" means fabrication, erection, or installation of an affected facility.

(i) "Modification" means any physical change in, or change in the method of operation of, an affected facility which increases the amount of any air pollutant emitted by such facility or which results in the emission of any air pollutant not previously emitted, except that:

(1) Routine maintenance, repair, and replacement shall not be considered physical changes, and

(2) An increase in the production rate or hours of operation shall not be considered a change in the method of operation.

(j) "Commenced" means that an owner or operator and a contractor to, or affiliate of, such owner or operator have entered into a binding agreement or contractual obligation to undertake and complete, within a reasonable time, a continuous program of construction or modification.

(k) "Performance test" means measurements of emissions or other procedures used for the purpose of determining compliance with a standard of performance.

(l) "Start up of operation" means the beginning of routine operation of an affected facility.

(m) "Ringelmann Chart" means the chart published and described in the U.S. Bureau of Mines Information Circular 8333.

(n) "Particulate matter" means any material, other than uncombined water, which exists in a finely divided form as a liquid or solid at standard conditions, as measured by the test methods set forth in this part.

(o) "Opacity" means the degree to which emissions reduce the transmission of light and obscure the view of an object in the background.

(p) "Visible emission" means an emission of greater than 5 percent opacity or 1/4 Ringlemann, as measured by test methods set forth in this part.

(q) "Nitrogen oxides" means all oxides of nitrogen except nitrous oxide, as measured by test methods set forth in this part.

(r) "Standard conditions" means 70° Fahrenheit (21.1° centigrade) and 29.92 in. Hg (760 mm. Hg).

§ 466.12 Abbreviations.

The abbreviations used in this part have the following meanings in both capital and lower case:

B.t.u.—British thermal unit.
cal.—calorie(s).
Co_2—Carbon dioxide.
gm.—gram.
gr.—grains.
Hg—Mercury.
in.—Inches.
K—1,000.
lb.—Pound(s).
No.—Number.
%—Percent.
NO_2—Nitrogen dioxide.
NO_x—Nitrogen oxides.
NM^3—Normal cubic meter.
s.c.f.—Standard cubic feet.
SO_2—Sulfur dioxide.
H_2SO_4—Sulfuric acid.
SO_3—Sulfur trioxide.

§ 466.13 Determination of construction or modification.

(a) Upon written application therefor by an owner or operator, the Administrator will make a determination of whether actions taken or intended to be taken by such owner or operator constitute construction or modification or the commencement thereof within the meaning of this part.

(b) An application for a determination pursuant to this section shall be delivered to Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711.

§ 466.14 Notification of commencement of construction or modification.

(a) Any person subject to the provisions of this part shall furnish the Administrator written notification in accordance with this section.

(1) A notification generally describing the nature of any intended construction or modification not less than 60 days prior to commencing such construction or modification, except that where such construction or modification is commenced after the initial publication of, but less than 60 days after the effective date of, this part, such notification shall be furnished within 30 days after such effective date.

(2) A notification of the anticipated date of startup of operation of a new source not more than 60 days or less than 30 days prior to such date.

(3) A notification of the actual date of startup of operation of a new source within 15 days after such date.

(b) Notifications required by this part shall be delivered to Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711.

§ 466.15 Performance tests.

(a) Within 60 days after the startup of operation of a new source, and at intervals thereafter, as specified by the Administrator, the owner or operator shall conduct performance test(s) and furnish the Administrator a written report of the results of such performance test(s).

(b) Performance tests shall be conducted and results reported in accordance with the test methods set forth in this part.

(c) The written reports required by this section shall be delivered of Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711.

(d) The owner or operator of a new source shall provide, or cause to be provided, performance testing facilities as follows:

(1) Sampling ports adequate for test methods applicable to such source.

(2) Safe sampling platform(s).

(3) Safe access to sampling platform(s).

(4) Utilities for sampling and testing equipment.

(e) Validity of performance test:

(1) Each performance test shall consist of three repetitions of the applicable test method.

(2) Except as otherwise provided by subparagraph (3) of this paragraph, a performance test shall not be considered valid unless the result of each repetition is within 35 percent of the average of the results of all three repetitions.

(3) If the result of one repetition deviates from such average by more than 35 percent, such result may be disregarded, provided that it is shown that such excessive deviation from the average was due to a specified error in testing or a specified upset in operation of the affected facility, and, in such case, the performance test shall be considered valid if the result of each of the other two repetitions is within 35 percent of the average of such two repetitions.

(4) For the purpose of determining compliance with an applicable standard of performance, the average of results of all repetitions which constitute a valid performance test shall apply.

§ 466.16 Review of plans.

(a) Upon written application therefor by an owner or operator, the Administrator will review plans for construction or modification for the purpose of providing technical advice to the owner or operator.

(b)(1) A separate application shall be submitted for each affected facility.

(2) Each application shall (i) identify the location of such affected facility, (ii) be accompanied by technical information describing the proposed nature, size, design, and method of operation of such facility, including information on any equipment to be used for measurement or control of emissions, and (iii) contain assurances that the applicant will provide any additional information requested by the Administrator.

(c) Neither an application for plans review nor advice furnished by the Administrator in response to such an application shall (1) relieve an owner or operator of legal responsibility for compliance with any provision of this part or of any applicable State or local requirement, or (2) prevent the Administrator from implementing or enforcing any provision of this part or taking any other action authorized by the Act.

(d) Applications for plans review by the Administrator shall be delivered to Office of Air Programs, Environmental Protection Agency, Research Triangle Park, N.C. 27711.

§ 466.17 Implementation and enforcement.

After the date of promulgation of any performance standard prescribed by the Administrator, it shall be unlawful for any owner or operator of any new source to operate such source in violation of any standard of performance applicable to such source.

§ 466.18 Availability of information.

(a) Emission data provided to, or otherwise obtained by, the Administrator in accordance with the provisions of this part shall be available to the public.

(b) Any records, reports, or information provided to, or otherwise obtained by, the Administrator in accordance with the provisions of this part shall be available to the public, except that upon a showing satisfactory to the Administrator by any person that such records, reports, or information, or particular part thereof (other than emission data), if made public, would divulge methods or processes entitled to protection as trade secrets of such person, the Administrator shall consider such records, reports, or information, or particular part thereof, confidential in accordance with the purposes of section 1905 of title 18 of the United States Code, except that such records, reports, or information, or particular part thereof, may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out the provisions of the Act or when relevant in any proceeding under the Act.

§ 466.19 State Authority.

The provisions of this part shall not be construed in any manner to preclude any State or political subdivision thereof from:

(a) Adopting and enforcing any emission standard or limitation applicable to an affected facility, provided that such emission standard or limitation is not less stringent than the standard of performance applicable to such facility.

(b) Requiring the owner or operator of an affected facility to obtain permits, licenses, or approvals prior to initiating construction, modification, or operation of such facility.

Subpart B—Standards of Performance for Fossil-Fuel Fired Steam Generators

§ 466.20 Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to fossil fuel-fired steam generators of more than 250 million B.t.u. per hour heat input.

(b) For purposes of § 466.11(e), that apparatus usually referred to as the furnace or boiler is the affected facility.

§ 466.21 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Fossil fuel-fired steam generator" means a furnace or boiler, and appurtenances thereto, used in the process of burning fossil fuel for the primary purpose of producing steam by heat transfer.

(b) "Fossil fuel" means any form of solid, liquid, or gaseous fuel containing carbon or hydrocarbons.

§ 466.22 Standard for particulate matter.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of particulate matter in the effluent which is:

(a) In excess of 0.20 lb. per million B.t.u. heat input (0.36 gm. per million cal.) maximum 2-hour average.

(b) As dark as, or darker than, the shade designated as No. 1 on the Ringelmann Chart (equal to or greater than 20 percent opacity), except that a shade as dark as No. 2 on the Ringelmann Chart (40 percent opacity) shall be permissible for not more than 2 minutes in any hour.

(c) Where the presence of uncombined water is the only reason for failure to meet the requirements of paragraph (b) of this section such failure shall not be a violation of this section.

§ 466.23 Standard for sulfur dioxide.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of sulfur dioxide in the effluent in excess of:

(a) 0.8 lb. per million B.t.u. heat input (1.4 gm per million cal.), maximum 2-hour average, when liquid fuel is burned.

(b) 1.2 lbs. per million B.t.u. heat input (2.2 gm. per million cal.), maximum 2-hour average, when solid fuel is burned.

§ 466.24 Standard for nitrogen oxides.

No person subject to the provisions of this subject shall cause or allow the discharge into the atmosphere of nitrogen oxides in the effluent in excess of:

(a) 0.20 lb. per million B.t.u. heat input (0.36 gm. per million cal.), maximum 2-hour average, expressed as NO_2, when gaseous fuel is burned.

(b) 0.30 lb. per million B.t.u. heat input (0.54 gm. per million cal.), maximum 2-hour average, expressed as NO_2, when liquid fuel is burned.

(c) 0.70 lb. per million B.t.u. heat input (1.26 gm. per million cal.), maximum 2-hour average, expressed as NO_2, when solid fuel is burned.

§ 466.25 Emission and fuel monitoring.

(a) There shall be installed, calibrated, maintained, and operated, in any fossil fuel-fired steam generator subject to the provisions of this subpart, emission monitoring instruments as follows:

(1) A photoelectric or other type smoke detector and recorder, except where gaseous fuel is the only fuel burned.

(2) An instrument for continuously monitoring and recording sulfur dioxide emissions, except where gaseous fuel is the only fuel burned.

(3) An instrument for continuously monitoring and recording emissions of nitrogen oxides.

(b) Instruments installed and used pursuant to this section shall have a confidence level of at least 95 percent and be accurate within ±20 percent and shall be calibrated in accordance with the method(s) prescribed by the manufacturer(s) of such instruments; instruments shall be calibrated at least once per year unless the manufacturer(s) specifies or recommends calibration at shorter intervals, in which case such specifications or recommendations shall be followed.

(c) The sulfur content of solid fuels, as burned, shall be determined in accordance with the American Society for Testing Materials Method D271–64, and the sulfur content of liquid fuels, as burned, shall be determined in accordance with the American Society for Testing Materials Methods D1551–65T or D129.

(d) The owner or operator of any fossil fuel-fired steam generator subject to the provisions of this subpart shall maintain a file of all measurements required by this subpart and shall retain the record of any such measurement(s) for at least 1 year following the date of such measurements.

§ 466.26 Test methods and procedures.

(a) The provisions of this section are applicable to performance tests for determining emissions of particulate matter, sulfur dioxide, and nitrogen oxides from fossil fuel-fired steam generators.

(b) All performance tests shall be conducted while the affected facility is operating at or above the steam production rate for which such facility was designed.

(c) Test methods set forth in the appendix to this part shall be used as follows:

(1) For each repetition, the average concentration of particulate matter shall be determined by using Method 5 and traversing according to Method 1. The minimum sampling time shall be 2 hours, and minimum sampling volume shall be 25 $ft.^3$ corrected to standard conditions on a dry basis.

(2) For each repetition, the SO_2 concentration shall be determined by using Method 6. The sampling location shall be the same as for particulate matter. The sampling point in the duct shall be at the centroid of the cross section if the cross sectional area is less than 50 $ft.^2$ or at a point no closer to the walls than 3 feet if the cross sectional area is 50 $ft.^2$ or more. The sample shall be extracted at a rate proportional to the gas velocity at the sampling point. The minimum sampling time shall be 20 min., and minimum sampling volume shall be 0.75 $ft.^3$ corrected to standard conditions. Two samples shall constitute one repetition and shall be taken over a 2-hour period. Excess air shall be determined at the same sampling point by using the grab sample technique of Method 3.

(3) For each repetition the NO_x concentration shall be determined by using Method 7. The sampling location and point shall be the same as for SO_2. The sampling time shall be 2 hours, and four samples shall be taken during each 2-hour period. Excess air shall be determined at the same sampling point by using the grab sampling technique of Method 3.

(4) The volumetric flow rate of the total effluent shall be determined by using Method 2 and traversing according to Method 1. Gas analysis shall be performed by Method 3, and moisture content shall be determined by the condensor technique of Method 5.

(5) The average excess air shall be determined by using Method 3 and traversing according to Method 1.

(d) Heat input, expressed in B.t.u. per hour, shall be determined during each 2-hour testing period by suitable flow meters and shall be confirmed by a material balance over the steam generation system.

(e) For each repetition, emissions, expressed in lb./10^6 B.tu., shall be determined by dividing the emission rate in lb./hr. by the heat input. The emission rate shall be determined by the equation, lb./hr.=Q×C, where Q=volumetric flow rate of the total effluent in ft.^{3}/hr. at standard conditions, dry basis, as determined in accordance with § 466.26(d)(4).

(1) For particulate matter, C=particulate concentration in lb./ft.^{3}, as determined in accordance with § 466.26(d)(1), corrected to standard conditions, dry basis.

(2) For SO_x, C=SO_2 concentration in lb./ft.^{3}, as determined in accordance with § 466.26(d)(2), corrected to standard conditions, dry basis, multiplied by the excess air correction factor (100+percent excess air at sampling point)/(100+percent excess air, as determined in accordance with § 466.26(d)(2)).

(3) For NO_x, C=No_x concentration in lb./ft.^{3}, as determined in accordance with § 466.26(d)(3), corrected to standard conditions, dry basis, multiplied by the excess air correction factor.

Subpart C—Standards of Performance for Incinerators

§ 466.30 Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to incinerators of more than 50 tons per day charging rate.

(b) For purposes of § 466.11(e), that apparatus usually referred to as the furnace is the affected facility.

§ 466.31 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Incinerator" means any furnace and appurtenances thereto used in the process of burning solid waste for the primary purpose of removing the combustible matter from the waste.

(b) "Solid waste" means refuse, more than 50 percent of which is municipal type waste consisting of paper, wood, yard wastes, food wastes, plastics, leather, rubber, and such other combustibles and noncombustible glass, rock, etc., which may be generated from residential and commercial operations and from small industrial sites.

(c) "Day" means 24 hours.

§ 466.32 Standard for particulate matter.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of particulate matter in the effluent which is in excess of 0.01 gr./s.c.f. (0.23 gm./NM^3) corrected to 12 percent CO_2, maximum 2-hour average.

§ 466.33 Test methods and procedures.

(a) The provisions of this section are applicable to performance tests for determining emissions of particulate matter from incinerators.

(b) All performance tests shall be conducted while the affected facility is operating at or above the refuse charging rate for which such facility was designed.

(c) Test methods set forth in the appendix to this part shall be used as follows:

(1) For each repetition, the average concentration of particulate matter shall be determined by using Method 5 and traversing according to Method 1. The minimum sampling time shall be 2 hours and the minimum sampling volume shall be 25 ft.^{3} corrected to standard conditions on a dry basis.

(2) Gas analysis shall be performed by Method 3, and moisture content shall be determined by the condensor technique of Method 5.

(d) For each repetition particulate matter emissions, expressed in gr./s.c.f., shall be determined in accordance with § 466.33(d)(1) corrected to 12 percent CO_2, dry basis.

Subpart D—Standards of Performance for Portland Cement Plants

§ 466.40 Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to portland cement plants.

(b) For purposes of § 466.11(e) those apparatus usually referred to as the kiln, clinker cooler, raw mill system, finish mill system, raw mill dryer, raw material storage, clinker storage, finished product storage, conveyor transfer points, bagging and bulk loading and unloading systems are the affected facilities.

§ 466.41 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Portland cement plant" means any facility manufacturing portland cement by either the wet or dry process.

§ 466.42 Standard for particulate matter.

(a) No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of particulate matter from the kiln which is:

(1) In excess of 0.30 lb. per ton of feed to the kiln (0.15 Kgm. per metric ton), maximum 2-hour average.

(2) As dark as, or darker than, the shade considered to be No. 1/2 on the Ringelmann Chart (equal to or greater than 10 percent opacity), except that where the presence of uncombined water is the only reason for failure to meet the requirements of this subparagraph, such failure shall not be a violation of this section.

(b) No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of particulate matter from the clinker cooler which is:

(1) In excess of 0.10 lb. per ton of feed to the kiln (0.05 Kgm. per metric ton) maximum 2-hour average.

(2) A visible emission within the meaning of this part.

(c) No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of particulate matter from any affected facility other than the kiln and clinker cooler which is a visible emission within the meaning of this part.

§ 466.43 Test methods and procedures.

(a) The provisions of this section are applicable to performance tests for determining emissions of particulate matter from portland cement plant kilns and clinker coolers.

(b) All performance tests shall be conducted while the affected facility is operating at or above the production rate for which such facility was designed.

(c) Test methods set forth in the appendix to this part shall be used as follows:

(1) For each repetition, the average concentration of particulate matter shall be determined by using Method 5 and traversing according to Method 1. The minimum sampling time shall be 2 hours, and the minimum sampling volume shall be 25 ft.^{3} corrected to standard conditions on a dry basis.

(2) The volumetric flow rate of the total effluent shall be determined by using Method 2 and traversing according to Method 1. Gas analysis shall be performed by Method 3, and moisture content shall be determined by the condenser technique of Method 5.

(d) Kiln feed, expressed in tons per hour on a dry basis, shall be determined each 2-hour testing period by suitable flow meters and shall be confirmed by a material balance over the production system.

(e) For each repetition, particulate matter emissions, expressed in lb./ton of kiln feed shall be determined by dividing the emission rate in lb./hr. by the kiln feed. The emission rate shall be determined by the equation, lb./hr.=Q×C, where Q=volumetric flow rate of the total effluent in ft.^{3}/hr. at standard conditions, dry basis, as determined in accordance with § 466.43(d)(2), and C=particulate concentration in lb./ft.^{3}, as determined in accordance with § 466.43(d)(1), corrected to standard conditions, dry basis.

Subpart E—Standards of Performance for Nitric Acid Plants

§ 466.50 Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to nitric acid plants.

(b) For purposes of § 466.11(e), the entire plant is the affected facility.

§ 466.51 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Nitric acid plant" means any facility producing weak nitric acid by either the pressure or atmospheric pressure process.

(b) "Weak nitric acid" means acid which is 50 to 70 percent in strength.

§ 466.52 Standard for nitrogen oxides.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of nitrogen oxides in the effluent which are:

(a) In excess of 3 lbs. per ton of acid produced (1.5 Kgm. per metric ton), maximum 2-hour average, expressed as NO_2.

(b) A visible emission within the meaning of this part.

§ 466.53 Emission monitoring.

(a) There shall be installed, calibrated, maintained, and operated, in any nitric acid plant subject to the provisions of this subpart, an instrument for continuously monitoring and recording emissions of nitrogen oxides.

(b) The instrument installed and used pursuant to this section shall have a confidence level of at least 95 percent and be accurate within ±20 percent and shall be calibrated in accordance with the method(s) prescribed by the manufacturer(s) of such instrument; the instrument shall be calibrated at least once per year unless the manufacturer(s) specifies or recommends calibration at shorter intervals, in which case such specifications or recommendations shall be followed.

(c) The owner or operator of any nitric acid plant subject to the provisions of this subpart shall maintain a file of all measurements required by this subpart and shall retain the record of any such measurement for at least 1 year following the date of such measurement.

§ 466.54 Test methods and procedures.

(a) The provisions of this section are applicable to performance tests for determining emissions of nitrogen oxides from nitric acid plants.

(b) All performance tests shall be conducted while the affected facility is operating at or above the acid product rate for which such facility was designed.

(c) Test methods set forth in the appendix to this part shall be used as follows:

(1) For each repetition the NO_x concentration shall be determined by using Method 7. The sampling location shall be selected according to Method 1 and the sampling point shall be the centroid of the stack or duct. The sampling time shall be 2 hours and four samples shall be taken during each 2-hour period.

(2) The volumetric flow rate of the total effluent shall be determined by using Method 2 and traversing according to Method 1. Gas analysis shall be performed by Method 3, and moisture content shall be determined by Method 4.

(d) Acid produced, expressed in tons per hour of 100 percent weak nitric acid, shall be determined during each 2-hour testing period by suitable flow meters and shall be confirmed by a material balance over the production system.

(e) For each repetition, nitrogen oxides emissions, expressed in lb./ton of weak nitric acid, shall be determined by dividing the emission rate in lb./hr. by the acid produced. The emission rate shall be determined by the equation, lb./hr.=Q×C, where Q=volumetric flow rate of the effluent in ft.³/hr. at standard conditions, dry basis, as determined in accordance with § 466.54(d)(2), and C=NO_x concentration in lb./ft.³, as determined in accordance with § 466.54(d)(1), corrected to standard conditions, dry basis.

Subpart F—Standards of Performance for Sulfuric Acid Plants

§ 466.60 Applicability and designation of affected facility.

(a) The provisions of this subpart are applicable to sulfur acid plants.

(b) For purposes of § 466.11(e) the entire plant is the affected facility.

§ 466.61 Definitions.

As used in this part, all terms not defined herein shall have the meaning given them in the Act:

(a) "Sulfuric acid plant" means any facility producing sulfuric acid by the contact process by burning elemental sulfur, alkylation acid, hydrogen sulfide, organic sulfides and mercaptans, or acid sludge.

(b) "Acid mist" means sulfur acid mist, as measured by test methods set forth in this part.

§ 466.62 Standard for sulfur dioxide.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of sulfur dioxide in the effluent in excess of 4 lbs. per ton of acid produced (2 kgm. per metric ton), maximum 2-hour average.

§ 466.63 Standard for acid mist.

No person subject to the provisions of this subpart shall cause or allow the discharge into the atmosphere of acid mist in the effluent which is:

(a) In excess of 0.15 lb. per ton of acid produced (0.075 Kgm. per metric ton), maximum 2-hour average, expressed as H_2SO_4.

(b) A visible emission within the meaning of this part.

§ 466.64 Emission monitoring.

(a) There shall be installed, calibrated, maintained, and operated, in any sulfuric acid plant subject to the provisions of this subpart, an instrument for continuously monitoring and recording emissions of sulfur dioxide.

(b) The instrument installed and used pursuant to this section shall have a confidence level of at least 95 percent and be accurate within ±20 percent and shall be calibrated in accordance with the method(s) prescribed by the manufacturer(s) of such instrument, the instrument shall be calibrated at least once per year unless the manufacturer(s) specifies or recommends calibration at shorter intervals, in which case such specifications or recommendations shall be followed.

(c) The owner or operator of any sulfuric acid plant subject to the provisions of this subpart shall maintain a file of all measurements required by this subpart and shall retain the record of any such measurement for at least 1 year following the date of such measurement.

§ 466.65 Test methods and procedures.

(a) The provisions of this section are applicable to performance tests for determining emissions of acid mist and sulfur dioxide from sulfuric acid plants.

(b) All performance tests shall be conducted while the affected facility is operating at or above the acid production rate for which such facility was designed.

(c) Test methods set forth in the appendix to this part shall be used as follows:

(1) For each repetition the acid mist and SO_2 concentrations shall be determined by using Method 8 and traversing according to Method 1. The sampling time shall be 2 hours, and sampling volume shall be 40 ft.³ corrected to standard conditions.

(2) The volumetric flow rate of the total effluent shall be determined by using Method 2 and traversing according to Method 1. Gas analysis shall be performed by Method 3. Moisture content can be considered to be zero.

(d) Acid produced, expressed in tons per hour of 100 percent sulfuric acid shall be determined during each 2-hour testing period by suitable flow meters and shall be confirmed by a material balance over the production system.

(e) For each repetition, acid mist and sulfur dioxide emissions, expressed in lb./ton of sulfuric acid shall be determined by dividing the emission rate in lb./hr. by the acid produced. The emission rate shall be determined by the equation, lb./hr.=Q×C, where Q=volumetric flow rate of the effluent in ft.³/hr. at standard conditions, dry basis, as determined in accordance with § 466.65(d)(2), and C=acid mist and SO_2 concentrations in lb./ft.³ as determined in accordance with § 466.65(d)(1), corrected to standard conditions, dry basis.

Appendix—Test Methods

Method 1—Sample and Velocity Traverses for Stationary Sources

1. *Principle and applicability.*

1.1 Principle. A sampling site and the number of traverse points are selected to aid in the extraction of a representative sample.

1.2 Applicability. This method should be applied only when specified by the test procedures for determining compliance with

New Source Performance Standards. This method is not intended to apply to gas streams other than those emitted directly to the atmosphere without further processing.

2. *Procedure.*

2.1 Selection of a sampling site and minimum number of traverse points.

2.1.1 Select a sampling site that is at least eight stack or duct diameters downstream and two diameters upstream from any flow disturbance such as a bend, expansion, contraction, or visible flame. For a rectangular cross section, determine an equivalent diameter from the following equation:

$$\text{equivalent diameter} = 2\left[\frac{(\text{length})(\text{width})}{\text{length}+\text{width}}\right]$$

equation 1–1

2.1.2 When the above sampling site criteria can be met, the minimum number of traverse points is twelve (12).

2.1.3 Some sampling situations render the above sampling site criteria impractical. When this is the case, choose a convenient sampling location and use Figure 1–1 to determine the minimum number of traverse points.

2.1.4 To use Figure 1–1 first measure the distance from the chosen sampling location to the nearest upstream and downstream disturbances. Determine the corresponding number of traverse points for each distance from Figure 1–1. Select the higher of the two numbers of traverse points, or a greater value, such that for circular stacks the number is a multiple of four, and for rectangular stacks the number follows the criteria of section 2.2.2.

2.2 Cross sectional layout and location of traverse points.

2.2.1 For circular stacks locate the traverse points on two perpendicular diameters according to Figure 1–2 and Table 1–1.

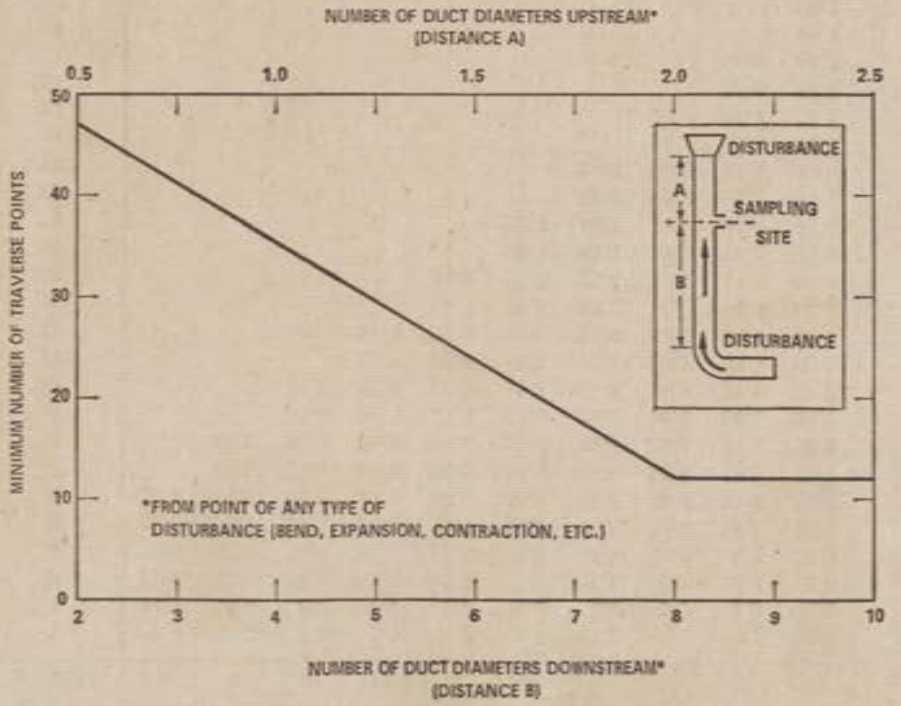


Figure 1-1. Minimum number of traverse points.

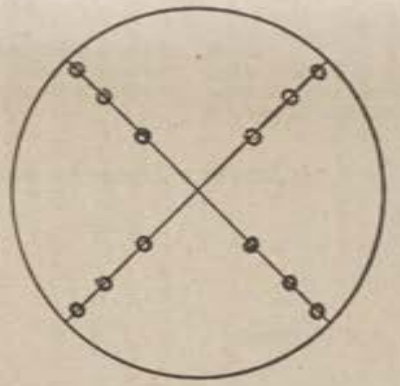


Figure 1-2. Cross section of circular stack showing location of traverse points on perpendicular diameters.

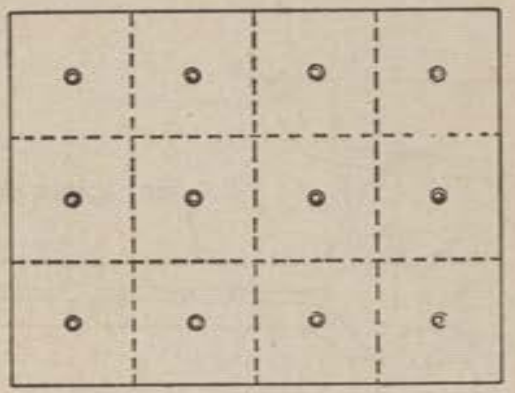


Figure 1-3. Cross section of rectangular stack divided into 12 equal areas, with traverse points at centroid of each area.

Table 1-1. Location of traverse points in circular stacks
(Percent of stack diameter from inside wall to traverse point)

Traverse point number on a diameter	Number of traverse points on a diameter									
	6	8	10	12	14	16	18	20	22	24
1	4.4	3.3	2.5	2.1	1.8	1.6	1.4	1.3	1.1	1.1
2	14.7	10.5	8.2	6.7	5.7	4.9	4.4	3.9	3.5	3.2
3	29.5	19.4	14.6	11.8	9.9	8.5	7.5	6.7	6.0	5.5
4	70.5	32.3	22.6	17.7	14.6	12.5	10.9	9.7	8.7	7.9
5	85.3	67.7	34.2	25.0	20.1	16.9	14.6	12.9	11.6	10.5
6	95.6	80.6	65.8	35.5	26.9	22.0	18.8	16.5	14.6	13.2
7		89.5	77.4	64.5	36.6	28.3	23.6	20.4	18.0	16.1
8		96.7	85.4	75.0	63.4	37.5	29.6	25.0	21.8	19.4
9			91.8	82.3	73.1	62.5	38.2	30.6	26.1	23.0
10			97.5	88.2	79.9	71.7	61.8	38.8	31.5	27.2
11				93.3	85.4	78.0	70.4	61.2	39.3	32.3
12				97.9	90.1	83.1	76.4	69.4	60.7	39.8
13					94.3	87.5	81.2	75.0	68.5	60.2
14					98.2	91.5	85.4	79.6	73.9	67.7
15						95.1	89.1	83.5	78.2	72.8
16						98.4	92.5	87.1	82.0	77.0
17							95.6	90.3	85.4	80.6
18							98.6	93.3	88.4	83.9
19								96.1	91.3	86.8
20								98.7	94.0	89.5
21									96.5	92.1
22									98.9	94.5
23										96.8
24										98.9

2.2.2. For rectangular stacks divide the cross section into as many equal rectangular areas as traverse points, such that the ratio of the length to the width of the elemental areas is between one and two. Locate the traverse points at the centroid of each equal area according to Figure 1-3.

3. *References.* Determining Dust Concentration in a Gas Stream. ASME Performance Test Code #27. New York. 1957.

Devorkin, Howard, et al. Air Pollution Source Testing Manual. Air Pollution Control District, Los Angeles. November 1963.

Methods for Determination of Velocity, Volume, Dust and Mist Content of Gases. Western Precipitation Division of Joy Manufacturing Co. Los Angeles. Bulletin WP-50. 1968.

Standard Method for Sampling Stacks for Particulate Matter. In: 1971 Book of ASTM Standards, Part 23. Philadelphia, 1971. ASTM Designation D-2928-71.

METHOD 2—DETERMINATION OF STACK GAS VELOCITY (TYPE S PITOT TUBE)

1. *Principle and applicability.*

1.1 Principle. Stack gas velocity is determined from the gas density and from measurement of the velocity head using a Type S (Stauscheibe or reverse type) pitot tube.

1.2 Applicability. This method should be applied only when specified by the test procedures for determining compliance with New Source Performance Standards. Being a directional instrument, a pitot tube should not be used in the case of nondirectional flow.

2. *Apparatus.*

2.1 Pitot tube—Type S (Figure 2-1), or equivalent.

2.2 Differential pressure gauge—Inclined manometer, or equivalent, to measure velocity head to within 10 percent of the minimum valve.

2.3. Temperature gauge—Thermocouples, bimetallic thermometers, liquid filled systems, or equivalent, to measure stack temperature to within 1.5 percent of the minimum absolute stack temperature.

2.4 Pressure gauge—Mercury-filled U-tube manometer, or equivalent, to measure stack pressure to within 0.1 in. Hg.

2.5 Barometer—To measure atmospheric pressure to within 0.1 in. Hg.

2.6 Gas analyzer—To analyze gas composition for determining molecular weight.

2.7 Pitot tube—Standard type, to calibrate Type S pitot tube.

3. *Procedure.*

3.1 Set up the apparatus as shown in Figure 2-1. Make sure all connections are tight and leak free. Measure the velocity head at the traverse points specified by Method 1.

3.2 Measure the temperature of the stack gas. If the total temperature variation with time is less than 50° F., a point measurement will suffice. Otherwise, conduct a temperature traverse.

3.3 Measure the static pressure in the stack.

3.4 Determine the stack gas molecular weight by gas analysis and appropriate calculation as indicated in Method 3.

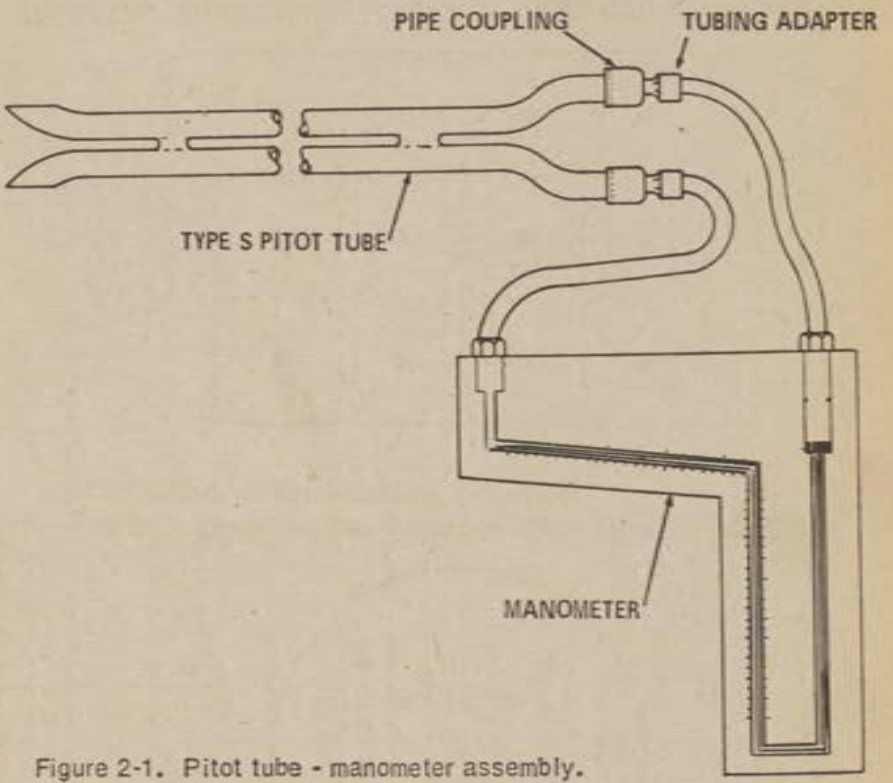


Figure 2-1. Pitot tube - manometer assembly.

4. *Calibration.*

4.1 To calibrate the pitot tube, measure the velocity head at some point in a flowing gas stream with both a Type S pitot tube and a standard type pitot tube with known coefficient. The velocity of the flowing gas stream should be within the normal working range.

4.2 Calculate the pitot tube coefficient using Equation 2–1.

$$C_{p_{test}} = C_{p_{std}} \sqrt{\frac{\Delta P_{std}}{\Delta P_{test}}} \quad \text{equation 2–1}$$

where:

$C_{p_{test}}$ = Pitot tube coefficient of Type S pitot tube.

$C_{p_{std}}$ = Pitot tube coefficient of standard type pitot tube (if unknown, use 0.99).

ΔP_{std} = Velocity head measured by standard type pitot tube.

ΔP_{test} = Velocity head measured by Type S pitot tube.

4.3 Compare the coefficients of the Type S pitot tube determined first with one leg and then the other pointed downstream. Use the pitot tube only if the two coefficients differ by no more than 0.01.

5. *Calculations.*

Use Equation 2–2 to calculate the stack gas velocity.

$$V_s = K_p C_p \sqrt{\frac{T_s \Delta_p}{P_s M_s}} \quad \text{equation 2–2}$$

where:

V_s = Stack gas velocity, feet per second (f.p.s.).

$K_p = 85.48 \frac{\text{ft.}}{\text{sec.}} \left(\frac{\text{lb.}}{\text{lb. mole} \cdot {}^\circ\text{R}}\right)^{1/2}$ when these units are used.

C_p = Pitot tube coefficient, dimensionless.

T_s = Absolute stack gas temperature, °R.

Δ_p = Velocity head of stack gas, in H_2O (see fig. 2–2).

P_s = Absolute stack gas pressure, in Hg.

M_s = Molecular weight of stack gas, lb./lb.-mole.

PLANT_____

DATE_____

RUN NO._____

STACK DIAMETER, in._____

BAROMETRIC PRESSURE, in. Hg._____

STATIC PRESSURE IN STACK (P_g), in. Hg._____

OPERATORS_____

SCHEMATIC OF STACK CROSS SECTION

Traverse point number	Velocity head, in. H_2O	$\sqrt{\Delta_p}$	Stack Temperature (T_S), °F

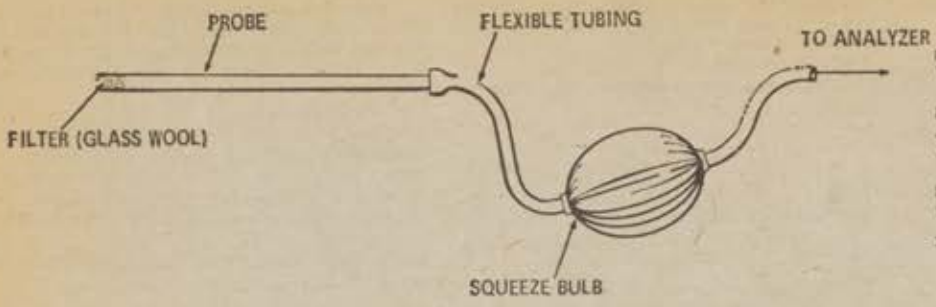


Figure 3-1. Grab-sampling train.

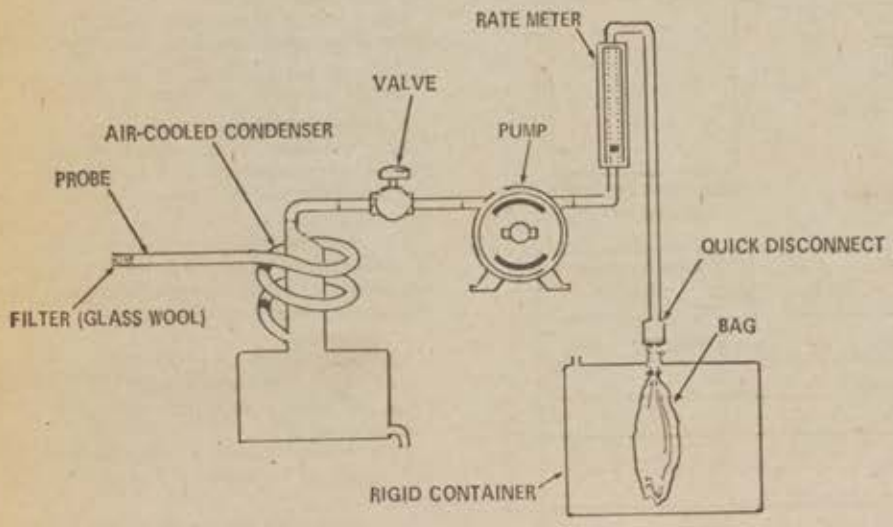


Figure 3-2. Integrated gas - sampling train.

3.1.2 Draw sample into the analyzer.

3.2 Integrated sampling.

3.2.1 Evacuate the flexible bag. Set up the equipment as shown in Figure 3-2 with the bag disconnected. Place the probe in the stack and purge the sampling line. Connect the bag, making sure that all connections are tight and that there are no leaks.

3.2.2 Sample at a rate proportional to the stack gas velocity.

3.3 Analysis.

3.3.1 Determine the CO_2, O_2, and CO concentrations as soon as possible. Make as many passes as are necessary to give constant readings. If more than 10 passes are necessary, replace the absorbing solution.

3.3.2 For integrated sampling, repeat the analysis until three consecutive runs vary no more than 0.2 percent by volume for each component being analyzed.

4. *Calculations.*

4.1 Carbon dioxide. Average the three consecutive runs and report result to the nearest 0.1 percent CO_2.

4.2 Excess air. Use Equation 3-1 to calculate excess air, and average the runs. Report the result to the nearest 0.1 percent excess air.

$$\%\ EA = \frac{(\%\ O_2) - 0.5(\%\ CO)}{0.264(\%\ N_2) - (\%\ O_2) + 0.5(\%\ CO)} \times 100$$

equation 3-1

where:

$\%\ EA$ = Percent excess air.

$\%\ O_2$ = Percent oxygen by volume, dry basis.

$\%\ N_2$ = Percent nitrogen by volume, dry basis.

$\%\ CO$ = Percent carbon monoxide by volume, dry basis.

0.264 = Ratio of oxygen to nitrogen in air by volume.

4.3 Dry molecular weight. Use Equation 3-2 to calculate dry molecular weight and average the runs. Report the result to the nearest tenth.

$$M_d = 0.44(\%\ CO_2) + 0.32(\%\ O_2) + 0.28(\%\ N_2 + \%\ CO)$$

Equation 3-2

where:

M_d = Dry molecular weight, lb./lb.-mole.

$\%\ CO_2$ = Percent carbon dioxide by volume, dry basis.

$\%\ O_2$ = Percent oxygen by volume, dry basis.

$\%\ N_2$ = Percent nitrogen by volume, dry basis.

0.44 = Molecular weight of carbon dioxide divided by 100.

0.32 = Molecular weight of oxygen divided by 100.

0.28 = Molecular weight of nitrogen divided by 100.

5. *References*

Altshuller, A. P., et al. Storage of Gases and Vapors in Plastic Bags. Int. J. Air & Water Pollution. 6:75-81. 1963.

Conner, William D., and J. S. Nader. Air Sampling with Plastic Bags. Journal of the American Industrial Hygiene Association. 25:291-297. May-June 1964.

Devorkin, Howard, et al. Air Pollution Source Testing Manual. Air Pollution Control District. Los Angeles. November 1963.

METHOD 4—DETERMINATION OF MOISTURE IN STACK GASES

1. *Principle and applicability.*

1.1 Principle. Moisture is removed from the gas stream, condensed, and determined gravimetrically.

1.2 Applicability. This method is applicable for the determination of moisture in stack gas only when specified by test procedures for determining compliance with New Source Performance Standards. This method does not apply when liquid droplets are present in the gas stream.[2]

Other methods such as drying tubes, wet bulb-dry bulb techniques, and volumetric condensation techniques may be used subject to the approval of the Administrator.

2. *Apparatus.*

2.1 Probe—Stainless steel or Pyrex[1] glass sufficiently heated to prevent condensation and equipped with a filter to remove particulate matter.

2.2 Impingers—Two midget impingers, each with 30 ml. capacity, or equivalent.

2.3 Ice bath container—To condense moisture in impingers.

2.4 Silica gel tube—To protect pump and dry gas meter.

2.5 Needle valve—To regulate gas flow rate.

2.6 Pump—Leak-free, diaphragm type, or equivalent, to pull gas through train.

2.7 Dry gas meter—To measure to within 1 percent of the total sample volume.

2.8 Rotameter—To measure a flow range from 0 to 0.1 c.f.m.

2.9 Balance—Capable of measuring to the nearest 0.1 g.

2.10 Barometer—Sufficient to read to within 0.1 in. Hg.

2.11 Pilot tube—Type S, or equivalent, attached to probe so that the sampling flow rate can be regulated proportional to the stack gas velocity when velocity is varying with time or a sample traverse is conducted.

3. *Procedure.*

3.1 Place about 5 ml. distilled water in each impinger and weigh the impinger and contents to the nearest 0.1 g. Assemble the apparatus without the probe as shown in Figure 4-1. Leak check by plugging the inlet to the first impinger and drawing a vacuum. Insure that flow through the dry gas meter is less than 1 percent of the sampling rate.

3.2 Connect the probe, and sample at a constant rate of 0.075 c.f.m. or at a rate proportional to the stack gas velocity not to exceed 0.075 c.f.m. Continue sampling until the dry gas meter registers 1 cu. ft. or until visible liquid droplets are carried over from the first impinger to the second. Record temperature, pressure, and dry gas meter reading as required by Figure 4-2.

3.3 After collecting the sample, weigh the impingers and their contents again to the nearest 0.1 g.

---

[1] Trade name.

[2] If liquid droplets are present in the gas stream, assume the stream to be saturated, determine the average stack gas temperature (Method 1), and use a psychrometric chart to obtain an approximation of the moisture percentage.

4. *Calculations.*

4.1 Volume of water collected.

$$V_{wc}=\frac{(W_f-W_i)RT_{std}}{P_{std}M_w}=\left(0.0474\frac{ft.^3}{g.}\right)(W_f-W_i)$$

equation 4-1

where:

V_{wc} = Volume of water vapor collected (standard conditions), cu. ft.

W_f = Final weight of impingers and contents, g.

W_i = Initial weight of impingers and contents, g.

R = Ideal gas constant, 21.83-in. Hg—cu. ft./lb. mole-° R.

T_{std} = Absolute temperature at standard conditions, 530° R.

P_{std} = Pressure at standard conditions, 29.92 in. Hg.

M_w = Molecular weight of water, 18 lb./lb. mole.

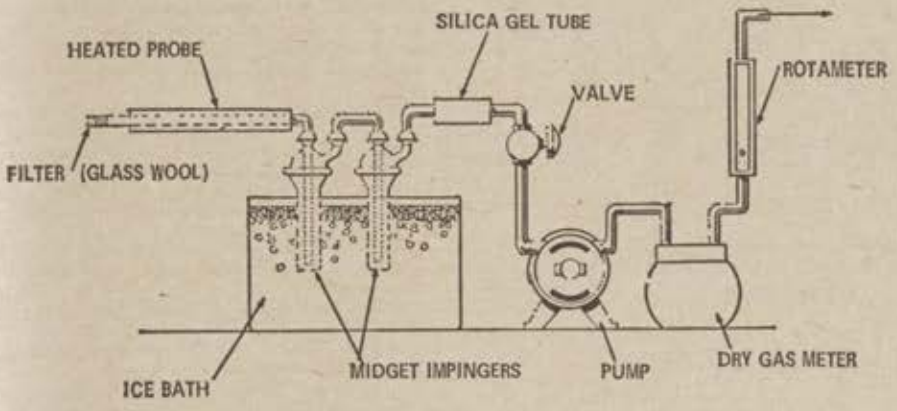


Figure 4-1. Moisture-sampling train.

LOCATION _____ COMMENTS

TEST _____

DATE _____

OPERATOR _____

BAROMETRIC PRESSURE _____

CLOCK TIME	GAS VOLUME THROUGH METER, (Vm), ft^3	ROTAMETER SETTING, ft^3/min	METER TEMPERATURE, °F

Figure 4-2. Field moisture determination.

4.2 Gas volume.

$$V_{mc}=V_m\left(\frac{P_m}{P_{std}}\right)\left(\frac{T_{std}}{T_m}\right)=\left(17.71\frac{°R}{in.\ Hg}\right)\frac{V_mP_m}{T_m}$$

equation 4-2

where:

V_{mc} = Dry gas volume through meter at standard conditions, cu. ft.

V_m = Dry gas volume measured by meter, cu. ft.

P_m = Barometric pressure at the dry gas meter, in. Hg.

P_{std} = Pressure at standard conditions, 29.92-in. Hg.

T_{std} = Absolute temperature at standard conditions, 530° R.

T_m = Absolute temperature at meter (°F.+460), °R.

4.3 Moisture content.

$$B_{wo}=\frac{V_{wc}}{V_{wc}+V_{mc}}+B_{wm}=\frac{V_{wc}}{V_{wc}+V_{mc}}+(0.025)$$

equation 4-3

where:

B_{wo} = Proportion by volume of water vapor in the gas stream, dimensionless.

V_{wc} = Volume of water vapor collected (standard conditions), cu. ft.

V_{mc} = Dry gas volume through meter (standard conditions), cu. ft.

B_{wm} = Approximate volumetric proportion of water vapor in the gas stream leaving the impingers, 0.025.

5. *References.*

Air Pollution Engineering Manual. Danielson, J. A. (ed.). U.S. DHEW, PHS, National Center for Air Pollution Control. Cincinnati, Ohio. PHS Publication No. 999-Ap-40. 1967.

Devorkin, Howard, et al. Air Pollution Source Testing Manual. Air Pollution Control District. Los Angeles, Calif. November 1963.

Methods for Determination of Velocity, Volume, Dust and Mist Content of Gases. Western Precipitation Division of Joy Manufacturing Co., Los Angeles, Calif. Bulletin WP-50. 1968.

METHOD 5.—DETERMINATION OF PARTICULATE EMISSIONS FROM STATIONARY SOURCES

1. *Principle and applicability.*

1.1 Principle. Particulate matter is withdrawn isokinetically from the source and its weight is determined gravimetrically after removal of uncombined water.

1.2 Applicability. This method is applicable for the determination of particulate emissions from stationary sources only when specified by the test procedures for determining compliance with New Source Performance Standards.

2. *Apparatus.*

2.1 Sampling train. The design specifications of the particulate sampling train used by EPA (Figure 5-1) are described in APTD-0581. Commercial models of this train are available.

2.1.1 Nozzle—Stainless steel (316) with sharp, tapered leading edge.

2.1.2 Probe—Pyrex [1] glass with a heating system capable of maintaining a gas temperature of 250° F. at the exit end during sampling. When temperature or length limitations are encountered, 316 stainless steel, or equivalent, may be used, as approved by the Administrator.

2.1.3 Pitot tube—Type S, or equivalent, attached to probe to monitor stack gas velocity.

2.1.4 Filter holder—Pyrex[1] glass with heating system capable of maintaining any temperature to a maximum of 225° F.

2.1.5 Impingers—Four impingers connected in series with glass ball joint fittings. The first, third, and fourth impingers are of the Greenburg-Smith design, modified by replacing the tip with a ½-inch ID glass tube extending to ½-inch from the bottom of the flask. The second impinger is of the Greenburg-Smith design with the standard tip.

2.1.6 Metering system—Vacuum gauge, leak-free pump, thermometers capable of measuring temperature to within 5° F., dry gas meter with 2 percent accuracy, and related equipment, or equivalent, as required to maintain an isokinetic sampling rate and to determine sample volume.

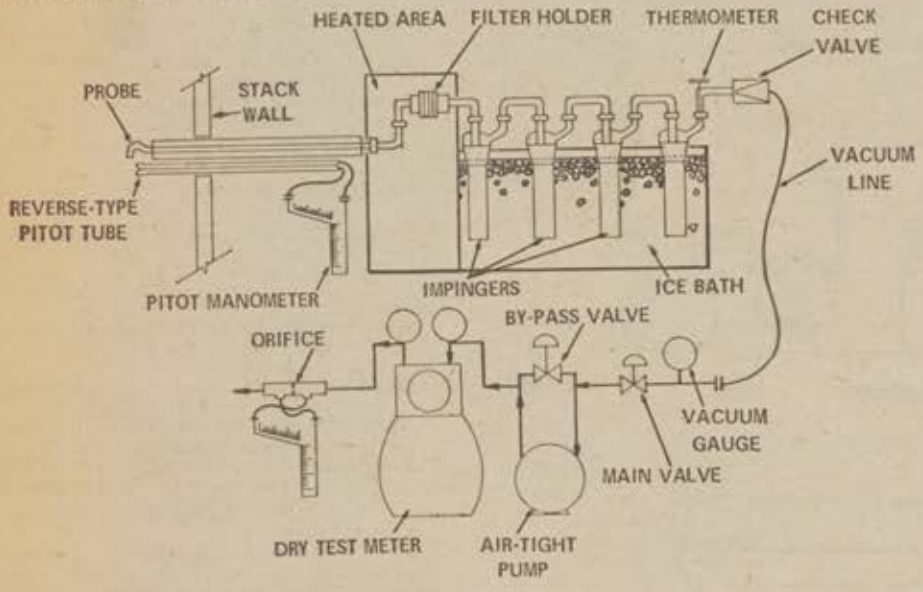


Figure 5-1. Particulate-sampling train.

2.1.7 Barometer—To measure atmospheric pressure to ±0.1 in. Hg.

2.2 Sample recovery.

2.2.1 Probe brush—At least as long as probe.

2.2.2 Glass wash bottles—Two.

2.2.3 Glass sample storage containers.

2.2.4 Graduated cylinder—250 ml.

2.3 Analysis.

2.3.1 Glass weighing dishes.

2.3.2 Desiccator.

2.3.3 Analytical balance—To measure to ±0.1 mg.

2.3.4 Beakers—250 ml.

2.3.5 Separatory funnels—500 ml. and 1,000 ml.

2.3.6 Trip balance—300 g. capacity, to measure to ±0.05 g.

2.3.7 Graduated cylinder—25 ml.

3. *Reagents.*

3.1 Sampling

3.1.1 Filters—Glass fiber, MSA 1106 BH, or equivalent, numbered for identification and preweighed.

3.1.2 Silica gel—Indicating type, 6 to 16 mesh, dried at 175° C. (350° F.) for 2 hours.

3.1.3 Water—Deionized, distilled.

3.1.4 Crushed ice.

3.2 Sample recovery

3.2.1 Water—Deionized, distilled.

3.2.2 Acetone—Reagent grade.

3.3 Analysis

3.3.1 Water—Deionized, distilled.

3.3.2 Chloroform—Reagent grade.

3.3.3 Ethyl ether—Reagent grade.

3.3.4 Desiccant—Drierite,[1] indicating.

4. *Procedure.*

4.1 Sampling.

4.1.1 After selecting the sampling site and the minimum number of sampling points, determine the stack pressure, temperature, moisture, and range of velocity head.

4.1.2 Preparation of collection train. Weigh to the nearest gram approximately 200 g. of silica gel. Label a filter of proper diameter, desiccate[2] for at least 24 hours and weigh to the nearest 0.5 mg. in a room where the relative humidity is less than 50 percent. Place 100 ml. of water in each of the first two impingers, leave the third impinger empty, and place approximately 200 g. of preweighed silica gel in the fourth impinger. Save a portion of the water for use as a blank in the sample analysis. Set up the train without the probe as in Figure 5-1. Leak check the sampling train at the sampling site by plugging the inlet to the filter holder and pulling a 15-in. Hg vacuum. A leakage rate not in excess of 0.02 c.f.m. at a vacuum of 15-in. Hg is acceptable. Attach the probe and adjust the heater to provide a gas temperature of about 250° F. at the probe outlet. Turn on the filter heating system. Place crushed ice around the impingers. Add more ice during the run to keep the temperature of the gases leaving the last impinger at 70° F. or less.

4.1.3 Particulate train operation. For each run record the data required on the example sheet shown in Figure 5-2. Take readings at each sampling point at least every 5 minutes and when significant changes in stack conditions necessitate additional adjustments in flow rate. To begin sampling, position the nozzle at the first traverse point with the tip pointing directly into the gas stream. Immediately start the pump and adjust the flow to isokinetic conditions. Maintain isokinetic sampling throughout the sampling period. Nomographs are available which aid in the rapid adjustment of the sampling rate without other computations. APTD-0576 details the procedure for using these nomographs. Turn off the pump at the conclusion of each run and record the final readings. Remove the probe and nozzle from the stack and handle in accordance with the sample recovery process described in section 4.2.

[1] Trade name.

[2] Dry using Drierite[1] at 70° ± 10° F.

PLANT _____
LOCATION _____
OPERATOR _____
DATE _____
RUN NO. _____
SAMPLE BOX NO. _____
METER BOX NO. _____
METER $\Delta H_@$ _____
C FACTOR _____

SCHEMATIC OF STACK CROSS SECTION

AMBIENT TEMPERATURE _____
BAROMETRIC PRESSURE _____
ASSUMED MOISTURE, % _____
HEATER BOX SETTING _____
PROBE LENGTH, in. _____
NOZZLE DIAMETER, in. _____
PROBE HEATER SETTING _____

TRAVERSE POINT NUMBER	SAMPLING TIME (θ), min.	STATIC PRESSURE (P_S), in. Hg.	STACK TEMPERATURE (T_S), °F	VELOCITY HEAD (ΔP_S),	PRESSURE DIFFERENTIAL ACROSS ORIFICE METER (ΔH), in. H_2O	GAS SAMPLE VOLUME (Vm), ft^3	GAS SAMPLE TEMPERATURE AT DRY GAS METER		SAMPLE BOX TEMPERATURE, °F	IMPINGER TEMPERATURE, °F
							INLET (Tm_{in}), °F	OUTLET (Tm_{out}), °F		
TOTAL							Avg.	Avg.		
AVERAGE							Avg.			

Figure 5-2. Particulate field data.

4.2 Sample recovery. Exercise care in moving the collection train from the test site to the sample recovery area to minimize the loss of collected sample or the gain of extraneous particulate matter. Set aside portions of the water and acetone used in the sample recovery as blanks for analysis. Place the samples in containers as follows:

Container No. 1. Remove the filter from its holder, place in this container, and seal.

Container No. 2. Place loose particulate matter and acetone washings from all sample-exposed surfaces prior to the filter in this container and seal. Use a razor blade, brush, or rubber policeman to loosen adhering particles.

Container No. 3. Measure the volume of water from the first three impingers and place the water in this container. Place water rinsings of all sample-exposed surfaces between the filter and fourth impinger in this container prior to sealing.

Container No. 4. Transfer the silica gel from the fourth impinger to the original container and seal. Use a rubber policeman as an aid in removing silica gel from the impinger.

Container No. 5. Thoroughly rinse all sample-exposed surfaces between the filter and fourth impinger with acetone, place the washings in this container, and seal.

4.3 Analysis. Record the data required on the example sheet shown in Figure 5-3. Handle each sample container as follows:

Container No. 1. Transfer the filter and any loose particulate matter from the sample container to a tared glass weighing dish, desiccate, and dry to a constant weight. Report results to the nearest 0.5 mg.

Container No. 2. Transfer the acetone washings to a tared beaker and evaporate to dryness at ambient temperature and pressure. Dessicate and dry to a constant weight. Report results to the nearest 0.5 mg.

Container No. 3. Extract organic particulate from the impinger solution with three 25 ml. portions of chloroform. Complete the extraction with three 25 ml. portions of ethyl ether. Combine the ether and chloroform extracts, transfer to a tared beaker and evaporate at 70° F. until no solvent remains. Dessicate, dry to a constant weight, and report the results to the nearest 0.5 mg.

Container No. 4. Weigh the spent silica gel and report to the nearest gram.

PLANT_____

DATE_____

RUN NO._____

CONTAINER NUMBER	WEIGHT OF PARTICULATE COLLECTED, mg		
	FINAL WEIGHT	TARE WEIGHT	WEIGHT GAIN
1			
2			
3a*			
3b**			
5			
TOTAL			

*3a - ORGANIC EXTRACT FRACTION.
**3b - RESIDUAL WATER FRACTION.

	VOLUME OF LIQUID WATER COLLECTED		
	IMPINGER VOLUME, ml	SILICA GEL WEIGHT, g	
FINAL			
INITIAL			
LIQUID COLLECTED			
TOTAL VOLUME COLLECTED		g*	ml

*CONVERT WEIGHT OF WATER TO VOLUME BY DIVIDING TOTAL WEIGHT INCREASE BY DENSITY OF WATER. (1 g/ml):

$$\frac{\text{INCREASE, g}}{(1\ \text{g/ml})} = \text{VOLUME WATER, ml}$$

Figure 5-3. Analytical data.

Container No. 5. Transfer the acetone washings to a tared beaker and evaporate to dryness at ambient temperature and pressure. Desiccate, dry to a constant weight, and report the results to the nearest 0.5 mg.

5. *Calibration.*

Use standard methods and equipment approved by the Administrator to calibrate the orifice meter, pitot tube, dry gas meter, and probe heater.

6. *Calculations.*

6.1 Sample concentration method.

6.1.1 Average dry gas meter temperature. See data sheet (Figure 5-2).

6.1.2 Dry gas volume. Correct the sample volume measured by the dry gas meter to standard conditions (70° F., 29.92 in. Hg) by using Equation 5-1.

$$V_{m_{std}} = V_m\left(\frac{T_{std}}{T_m}\right)\left(\frac{P_{bar}+\frac{\Delta H}{13.6}}{P_{std}}\right) = \left(17.71\ \frac{^\circ R}{\text{in. Hg}}\right)(V_m)\left(\frac{P_{bar}+\frac{\Delta H}{13.6}}{P_{std}}\right)$$

equation 5-1

where:

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), cu. ft.

V_m = Volume of gas sample through the dry gas meter (meter conditions), cu. ft.

T_{std} = Absolute temperature at standard conditions, 530 °R.

T_m = Average dry gas meter temperature, °R.

P_{bar} = Barometric pressure at the orifice meter, in. Hg.

ΔH = Pressure drop across the orifice meter, in H_2O.

13.6 = Specific gravity of mercury.

P_{std} = Absolute pressure at standard conditions, 29.92 in. Hg.

6.1.3 Volume of Water vapor.

$$V_{w_{std}} = V_{l_c}\left(\frac{\rho_{H_2O}}{M_{H_2O}}\right)\left(\frac{RT_{std}}{P_{std}}\right) = \left(0.0474\ \frac{\text{cu. ft.}}{\text{ml.}}\right)V_{l_c}$$

equation 5-2

where:

$V_{w_{std}}$ = Volume of water vapor in the gas sample (standard conditions), cu. ft.

V_{l_c} = Total volume of liquid collected in impingers and silica gel (see Figure 5-3), ml.

ρ_{H_2O} = Density of water, 1 g./ml.

M_{H_2O} = Molecular weight of water, 18 lb./lb. mole.

R = Ideal gas constant, 21.83 in Hg-cu. ft./lb. mole-°R.

T_{std} = Absolute temperature at standard conditions, 530° R.

P_{std} = Absolute pressure at standard conditions, 29.92 in. Hg.

6.1.4 Total gas volume.

$$V_{total} = V_{m_{std}} + V_{w_{std}}$$

equation 5-3

where:

V_{total} = Total volume of gas sample (standard conditions), cu. ft.

$V_{m_{std}}$ = Volume of gas through dry gas meter (standard conditions), cu. ft.

$V_{w_{std}}$ = Volume of water vapor in the gas sample (standard conditions), cu. ft.

6.1.5 Total particulate weight. Determine the total particulate catch from the sum of the weights on the analysis data sheet (Figure 5-3).

6.1.6 Concentration.

$$c_s' = \left(0.0154\ \frac{\text{gr.}}{\text{mg.}}\right)\left(\frac{M_n}{V_{total}}\right)$$

equation 5-4

where:

c_s' = Concentration of particulate matter in stack gas (Sample Concentration Method), gr./s.c.f.

M_n = Total amount of particulate matter collected, mg.

V_{total} = Total volume of gas sample (standard conditions), cu. ft.

6.2 Ratio of area method.

6.2.1 Stack gas velocity. Collect the necessary data as detailed in Method 2. Correct the

stack gas velocity to standard conditions (29.92 in. Hg, 530° R.) as follows:

$$V_{s_{std}} = V_s\left(\frac{P_s}{P_{std}}\right)\left(\frac{T_{std}}{T_s}\right) = \left(17.71\frac{^\circ R}{\text{in. Hg}}\right)\left(\frac{V_s P_s}{T_s}\right) \quad \text{equation 5-5}$$

where:

$V_{s_{std}}$ = Stack gas velocity at standard conditions, ft./sec.

V_s = Stack gas velocity calculated by Method 2, Equation 2-2, ft./sec.

P_s = Absolute stack gas pressure, in. Hg.

P_{std} = Absolute pressure at standard contions, 29.92 in. Hg.

T_{std} = Absolute temperature at standard conditions, 530° R.

T_s = Absolute stack gas temperature (average), °R.

6.2.2 Concentration.

$$c_s = \frac{M_s}{Q_s} = \frac{\frac{M_n}{\theta}\frac{A_s}{A_n}}{A_s V_{s_{std}}} = \left(2.57\times10^{-4}\frac{\text{gr.}=\text{min.}}{\text{mg.}=\text{sec.}}\right)\left(\frac{M_n}{\theta V_{s_{std}} A_n}\right) \quad \text{equation 5-6}$$

where:

c_s = Concentration of particulate matter in the stack gas (Ratio of Area Method), gr./s.c.f.

M_s = Particulate mass flow rate through the stack (standard conditions), mass/time.

Q_s = Volumetric flow rate of gas stream through the stack (standard conditions), volume/time.

M_n = Total amount of particulate matter collected by train, mg.

θ = Total sampling time, min.

A_s = Cross-sectional area of stack, sq. ft.

A_n = Cross-sectional area of nozzle, sq. ft.

$V_{s_{std}}$ = Stack gas velocity at standard conditions, ft./sec.

6.3 Isokinetic variation.

$$I = \frac{c_s}{c_s'}\times100 = \frac{T_s\left[\frac{V_{l_c}\rho_{H_2O}R}{M_{H_2O}} + \frac{V_m}{T_m}\left(P_{bar}+\frac{\Delta H}{13.6}\right)\right]}{\theta V_s P_s A_n}\times100 = \frac{\left(1.667\frac{\text{min.}}{\text{sec.}}\right)\left[\left(0.00267\frac{\text{in. Hg-cu. ft.}}{\text{ml.-}^\circ R}\right)V_{lc} + \frac{V_m}{T_m}\left(P_{bar}+\frac{\Delta H}{13.6}\right)\right]T_s}{\theta V_s P_s A_n} \quad \text{equation 5-7}$$

where:

I = Percent of isokinetic sampling.

C_s = Concentration of particulate matter in the stack gas (Ratio of Area Method), gr./s.c.f.

C_s' = Concentration of particulate matter in the stack gas (Sample Concentration Method), gr./s.c.f.

V_{l_c} = Total volume of liquid collected in impingers and silica gel (see Figure 5-3), ml.

ρ_{H_2O} = Density of water, 1 g./ml.

R = Ideal gas constant, 21.83 in. Hg-cu. ft./lb. mole-°R.

M_{H_2O} = Molecular weight of water, 18 lb./lb. mole.

V_m = Volume of gas sample through the dry gas meter (meter conditions), cu. ft.

T_m = Absolute average dry gas meter temperature (see Figure 5-2), °R.

P_{bar} = Barometric pressure at sampling site, in Hg.

ΔH = Average pressure drop across the orifice (see Figure 5-2), in H_2O.

T_s = Absolute average stack gas temperature (see Figure 5-2), °R.

θ = Total sampling time, min.

V_s = Stack gas velocity calculated by Method 2, Equation 2-2, ft./sec.

P_s = Absolute stack gas pressure, in. Hg.

A_n = Cross-sectional area of nozzle, sq. ft.

6.4 Acceptable results. The following range sets the limit on acceptable isokinetic sampling results:

If 82 percent $<I<$120 percent, the results are acceptable; otherwise, reject the results and repeat the test.

6.5 Average particulate concentration. If the criteria for acceptability are met, calculate the average concentration of particulate in the stack from the following equation:

$$c_s = \frac{\bar{c}_s + c_s'}{2} \qquad \text{Equation 5-8}$$

where:

$\bar{c}_s$ = Average particulate concentration in the stack gas, gr./s.c.f.

c_s = Concentration of particulate matter in the stack gas (Ratio of Area Method), gr./s.c.f.

c_s' = Concentration of particulate matter in the stack gas (Sample Concentration Method), gr./s.c.f.

7. *References.*

Addendum to Specifications for Incinerator Testing at Federal Facilities. PHS, NCAPC. Dec. 6, 1967.

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Smith, W. S.; R. T. Shigehara, and W. F. Todd. A Method of Interpreting Stack Sampling Data. Paper presented at the 63d Annual Meeting of the Air Pollution Control Association, St. Louis. June 14–19, 1970.

Smith, W. S., et al. Stack Gas Sampling Improved and Simplified with New Equipment. APCA Paper No. 67–119. 1967.

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METHOD 6—DETERMINATION OF SULFUR DIOXIDE EMISSIONS FROM STATIONARY SOURCES

1. *Principle and applicability.*

1.1 Principle. A gas sample is extracted from the sampling point in the stack, and the acid mist including sulfur trioxide is separated from the sulfur dioxide. The sulfur dioxide fraction is measured by the barium-thorin titration method.

1.2 Applicability. This method is applicable for the determination of sulfur dioxide emissions from stationary sources only when specified by the test procedures for determining compliance with New Source Performance Standards.

2. *Apparatus.*

2.1 Sampling. See Figure 6-1

2.1.1 Probe—Pyrex[1] glass, approximately 5–6 mm. ID, with a heating system to prevent condensation and a filter to remove particulate matter including sulfuric acid mist.

2.1.2 Midget bubbler—One, with glass wool packed in top to prevent sulfuric acid mist carryover.

2.1.3 Glass wool.

2.1.4 Midget impingers—Three.

2.1.5 Drying tube—Packed with 6 to 16 mesh indicating-type silica gel, or equivalent, to dry the sample.

2.1.6 Pump—Leak-free, vacuum type.

2.1.7 Rate meter—Rotameter, or equivalent, to measure a 0–10 s.c.f.h. flow range.

2.1.8 Dry gas meter—Sufficiently accurate to measure the sample volume within 1 percent.

2.1.9 Pitot tube—Type S, or equivalent, necessary only if a sample traverse is required or if stack gas velocity varies with time.

2.2 Sample recovery.

2.2.1 Glass wash bottles—Two.

2.2.2 Polyethylene storage bottles—To store impinger samples.

2.3 Analysis.

[1] Trade name.

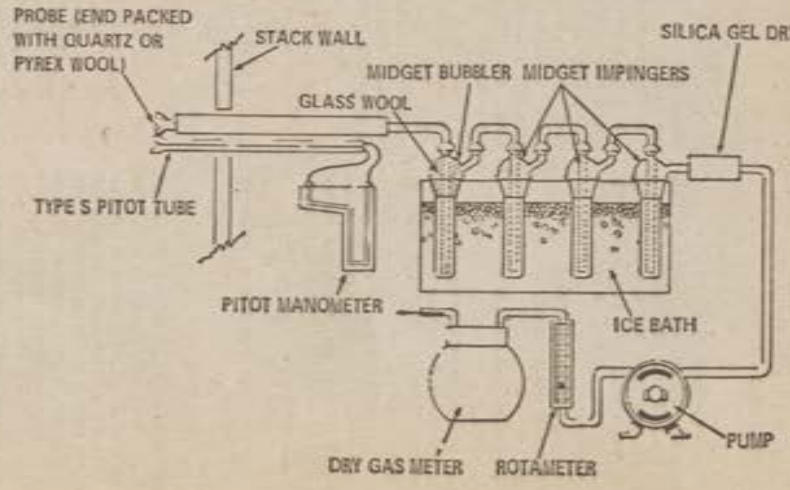


Figure 6-1. SO_2 sampling train.

2.3.1 Pipettes—Transfer type, 5 ml. and 10 ml. sizes (0.1 ml. divisions) and 25 ml. size (0.2 ml. divisions).

2.3.2 Volumetric flasks—50 ml., 100 ml., and 1,000 ml.

2.3.3 Burettes—5 ml. and 50 ml.

2.3.4 Erlenmeyer flask—125 ml.

3. *Reagents.*

3.1 Sampling.

3.1.1 Water—Deionized, distilled.

3.1.2 Isopropanol, 80 percent—Mix 80 ml. of isopropanol with 20 ml. of distilled water.

3.1.3 Hydrogen peroxide, 3 percent—dilute 100 ml. of 30 percent hydrogen peroxide with 900 ml. of distilled water. Prepare fresh daily.

3.2 Sample recovery.

3.2.1 Water—Deionized, distilled.

3.2.2 Isopropanol, 80 percent.

3.3 Analysis.

3.3.1 Water—Deionized, distilled.

3.3.2 Isopropanol.

3.3.3 Thorin indicator—1-(o-arsonophenylazo)-2-naphthol-3, 6-disulfonic acid, disodium salt (or equivalent). Dissolve 0.20 g. in 100 ml. distilled water.

3.3.4 Barium perchlorate (0.01*N*)—Dissolve 1.95 g. of barium perchlorate [$Ba(ClO_4)_2 \cdot 3H_2O$] in 200 ml. distilled water and dilute to 1 liter with isopropanol. Standardize with sulfuric acid.

3.3.5 Sulfuric acid standard (0.01*N*)—Purchase or standardize against a primary standard to ±0.0002*N*.

4. *Procedure.*

4.1 Sampling.

4.1.1 Preparation of collection train. Pour 15 ml. of 80 percent isopropanol into the midget bubbler and 15 ml. of 3 percent hydrogen peroxide to each of the first two midget impingers. Leave the final midget impinger dry. Assemble the train as shown in Figure 6-1. Leak check the sampling train at the sampling site by plugging the probe inlet and pulling a 10-in. Hg vacuum. A leakage rate not in excess of 1 percent of the sampling rate is acceptable. Carefully release the probe inlet plug and turn off the pump. Place crushed ice around the impingers. Add more ice during the run to keep the temperature of the gases leaving the last impinger at 70° F. or less.

4.1.2 Sample collection. Adjust the sample flow rate proportional to the stack gas velocity. Take readings at least every 5 minutes and when significant changes in stack conditions necessitate additional adjustments in flow rate. To begin sampling, position the nozzle with the tip pointing directly into the gas stream and start the pump. Sample proportionally throughout the run. At the conclusion of each run, turn off the pump and record the final readings. Remove the probe from the stack and disconnect it from the train. Drain the ice bath and purge the remaining part of the train by drawing clean ambient air through the system for 15 minutes.

4.2 Sample recovery. Disconnect the impingers after the purging period. Discard the contents of the midget bubbler. Pour the contents of the midget impingers into a polyethylene shipment bottle. Rinse the three midget impingers and the connecting tubes with distilled water and add these washings to the same storage container.

4.3 Sample analysis. Transfer the contents of the storage container to a 50-ml. volumetric flask. Dilute to the mark with deionized, distilled water. Pipette a 10 ml. aliquot of this solution to a 125-ml. erlenmyer flask. Add 40 ml. of isopropanol and 2 to 4 drops of thorin indicator. Titrate to a pink endpoint using 0.01*N* barium perchlorate. Run a blank with each series of samples.

5. *Calibration.*

5.1 Use standard methods and equipment approved by the Administrator to calibrate the orifice meter, pitot tube, dry gas meter, and probe heater.

5.2 Standardize the sulfuric acid with potassium acid phthalate as a primary standard. Standardize the barium perchlorate with 25 ml. of standard sulfuric acid containing 100 ml. of isopropanol.

6. *Calculations.*

6.1 Dry gas volume. Correct the sample volume measured by the dry gas meter to standard conditions (70° F. and 29.92 in. Hg) by using Equation 6-1.

$$V_{m_{std}} = V_m \left(\frac{T_{std}}{T_m}\right)\left(\frac{P_{bar}}{P_{std}}\right) = \left(17.71 \frac{^\circ R}{\text{in. Hg}}\right)\frac{V_m P_{bar}}{T_m} \quad \text{equation 6-1}$$

where:

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), cu. ft.

V_m = Volume of gas sample through the dry gas meter (meter conditions), cu. ft.

T_{std} = Absolute temperature at standard conditions, 530° R.

T_m = Average dry gas meter temperature, °R.

P_{bar} = Barometric pressure at the orifice meter, in. Hg.

$_{std}$ = Absolute pressure at standard conditions, 29.92 in. Hg.

6.2 Sulfur dioxide concentration.

$$c_{SO_2} = \left(7.05 \times 10^{-5} \frac{\text{lb.-l.}}{\text{g.-ml.}}\right)\frac{(V_t - V_{tb})(N)\left(\frac{V_{soln}}{V_a}\right)}{V_{m_{std}}} \quad \text{equation 6-2}$$

where:

c_{SO_2} = Concentration of sulfur dioxide at standard conditions, dry basis, lb./cu. ft.

7.05×10^{-5} = Conversion factor including the number of grams per gram equivalent of sulfur dioxide (32 g./g.-eq.), 453.6 g./lb., and 1,000 ml./l, lb.-l./g.-ml.

V_t = Volume of barium perchlorate titrant used for the sample, ml.

V_{tb} = Volume of barium perchlorate titrant used for the blank, ml.

N = Normality of barium perchlorate titrant, g.-eq./l.

V_{soln} = Total solution volume of sulfur dioxide, ml.

V_a = Volume of sample aliquot titrated, ml.

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), see Equation 6-1, cu. ft.

7. *References.*

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Patton, W. F. and J. A. Brink, Jr. New Equipment and Techniques for Sampling Chemical Process Gases. Paper presented at the 55th Annual Meeting of APCA. Chicago, Ill. May 20-24, 1962.

METHOD 7—DETERMINATION OF NITROGEN OXIDE EMISSIONS FROM STATIONARY SOURCES

1. *Principle and applicability.*

1.1 Principle. A grab sample is collected in an evacuated flask containing a dilute sulfuric acid-hydrogen peroxide absorbing solution, and the nitrogen oxides, except nitrous oxide, are measured colorimetrically using the phenoldisulfonic acid (PDS) procedure.

1.2 Applicability. This method is applicable for the measurement of nitrogen oxides from stationary sources only when specified by the test procedures for determining compliance with New Source Performance Standards.

2. *Apparatus.*

2.1 Sampling. See Figure 7-1.

2.1.1 Probe—Pyrex[1] glass, heated, with filter to remove particulate matter. Heating is unnecessary if the probe remains dry during the purging period.

2.1.2 Collection flask—Two litter, Pyrex[1] round bottom with short neck and 24/40 standard taper opening, protected against implosion or breakage.

2.1.3 Flask valve—T-bore stopcock connected to a 24/40 standard taper joint.

2.1.4 Temperature gauge—Dial-type thermometer, or equivalent, capable of measuring 2° F. intervals from 25° to 125° F.

2.1.5 Vacuum line—Tubing capable of withstanding a vacuum of 3-in. Hg absolute pressure, with "T" connection and T-bore stopcock, or equivalent.

2.1.6 Pressure gauge—U-tube manometer, 36 inches, with 0.1 inch divisions, or equivalent.

2.1.7 Pump—Capable of producing a vacuum of 3-in. Hg absolute pressure.

2.1.8 Squeeze bulb—One way.

2.2 Sample recovery.

2.2.1 Pipette or dropper.

2.2.2 Glass storage containers—Cushioned for shipping.

[1] Trade name.

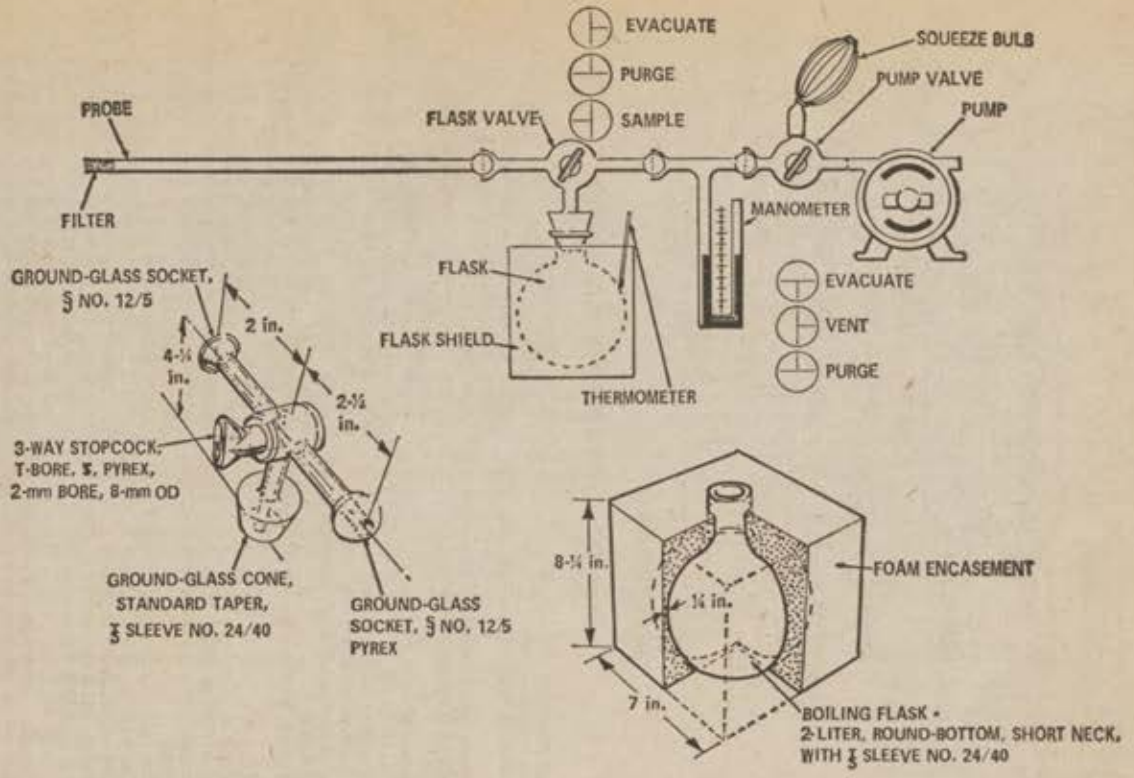


Figure 7-1. Sampling train, flask valve, and flask.

2.2.3 Glass wash bottle.
2.3 Analysis.
2.3.1 Steam bath.
2.3.2 Beakers or casseroles—250 ml., one for each sample and standard (blank).
2.3.3 Volumetric pipettes—1, 2, and 10 ml.
2.3.4 Transfer pipette—10 ml. with 0.1 ml. divisions.
2.3.5 Volumetric flask—100 ml., one for each sample, and 1,000 ml. for the standard (blank).
2.3.6 Spectrophotometer—To measure absorbance at 420mμ.
2.3.7 Graduated cylinder—100 ml. with 1.0 ml. divisions.
2.3.8 Analytical balance—To measure to 0.1 mg.

3. *Reagents.*
3.1 Sampling.
3.1.1 Absorbing solution—Add 2.8 ml. of concentrated H_2SO_4 to 1 liter of distilled water. Mix well and add 6 ml. of 3 percent hydrogen peroxide. Prepare a fresh solution weekly and do not expose to extreme heat or direct sunlight.
3.2 Sample recovery.
3.2.1 Sodium hydroxide (1*N*)—Dissolve 40 g. NaOH in distilled water and dilute to 1 liter.
3.2.2 Red litmus paper.
3.2.3 Water—Deionized, distilled.
3.3 Analysis.
3.3.1 Fuming sulfuric acid—15 to 18*N* by weight free sulfur trioxide.
3.3.2 Phenol—White solid reagent grade.
3.3.3 Sulfuric acid—Concentrated reagent grade.
3.3.4 Standard solution—Dissolve 0.5495 g. potassium nitrate (KNO_3) in distilled water and dilute to 1 liter. For the working standard solution, dilute 10 ml. of the resulting solution to 100 ml. with distilled water. One ml. of the working standard solution is equivalent to 25 μg. nitrogen dioxide.
3.3.5 Water—Deionized, distilled.
3.3.6 Phenoldisulfonic acid solution—Dissolve 25 g. of pure white phenol in 150 ml. concentrated sulfuric acid on a steam bath. Cool, add 75 ml. fuming sulfuric acid, and heat at 100° C. for 2 hours. Store in a dark, stoppered bottle.

4. *Procedure.*
4.1 Sampling.
4.1.1 Pipette 25 ml. of absorbing solution into a sample flask. Insert the flask valve stopper into the flask with the valve in the "purge" position. Assemble the sampling train as shown in Figure 7-1 and place the probe at the sampling point. Turn the flask valve and the pump valve to their "evacuate" positions. Evacuate the flask to at least 3-in. Hg absolute pressure. Turn the pump valve to its "vent" position and turn off the pump. Check the manometer for any fluctuation in the mercury level. If there is a visible change over the span of 1 minute, check for leaks. Record the initial volume, temperature, and barometric pressure. Turn the flask valve to its "purge" position, and then do the same with the pump valve. Purge the probe and the vacuum tube using the squeeze bulb. If condensation occurs in the probe and flask valve area, heat the probe and purge until the condensation disappears. Then turn the pump valve to its "vent" position. Turn the flask valve to its "sample" position and allow sample to enter the flask for about 15 seconds. After collecting the sample, turn the flask valve to its "purge" position and disconnect the flask from the sampling train. Shake the flask for 5 minutes.
4.2 Sample recovery.
4.2.1 Let the flask sit for a minimum of 16 hours and then shake the contents for 2 minutes. Connect the flask to a mercury filled U-tube manometer, open the valve from the flask to the manometer, and record the flask pressure and temperature along with the barometric pressure. Transfer the flask contents to a container for shipment or to a 250-ml. beaker for analysis. Rinse the flask with two portions of water (approximately 10 ml.) and add to the same amount of rinse water as in the sample. For a blank use 25 ml. of absorbing solution and the solution in a container for shipment or in a 250-ml. beaker for analysis. Prior to shipping or analysis, add sodium hydroxide (1*N*) dropwise into both the sample and the blank until alkaline to litmus paper (about 25 to 35 drops in each).
4.3 Analysis.
4.3.1 If the sample has been shipped in a container, transfer the contents to a 250 ml. beaker using a small amount of water. Evaporate the solution to dryness on a steam bath and then cool. Add 2 ml. phenoldisulfonic acid solution to the dried residue and triturate thoroughly with a glass rod. Make sure the solution contacts all the residue. Add 1 ml. water and 4 drops of concentrated sulfuric acid. Heat the solution on a steam bath for 3 minutes with occasional stirring. Cool, add 20 ml. water, mix well by stirring, and add concentrated ammonium hydroxide dropwise with constant stirring until alkaline to litmus paper. Transfer the solution to a 100-ml. volumetric flask and wash the beaker three times with 4- to 5-ml. portions of water. Dilute to the mark and mix thoroughly. If the sample contains solids, transfer a portion of the solution to a clean, dry centrifuge tube and centrifuge, or filter a portion of the solution. Measure the absorbance of each sample at 420 m_μ using the blank solution as a zero. Dilute the sample and the blank with a suitable amount of distilled water if absorbance falls outside the range of calibration.

5. *Calibration.*
5.1 Flask volume. Assemble the flask and flask valve and fill with water to the stopcock. Measure the volume of water to ±10

ml. Number and record the volume on the flask.

5.2 Spectrophotometer. Add 0.0 to 16.0 ml. of standard solution to a series of beakers. To each beaker add 25 ml. of absorbing solution and add sodium hydroxide (1*N*) dropwise until alkaline to litmus paper (about 25 to 35 drops). Follow the analysis procedure of section 4.3 to collect enough data to draw a calibration curve of concentration in $\mu g.$ NO_2 per sample versus absorbance.

6. *Calculations.*

6.1 Sample volume.

$$V_{sc}=\frac{T_{std}(V_f-V_s)}{P_{std}}\left(\frac{P_f}{T_f}-\frac{P_i}{T_i}\right)=\left(17.71\,\frac{°R}{\text{in. Hg}}\right)(V_f-25\text{ml.})\left(\frac{P_f}{T_f}-\frac{P_i}{T_i}\right)\quad\text{equation 7-1}$$

where:

V_{sc} = Sample volume at standard conditions (dry basis), ml.

T_{std} = Absolute temperature at standard conditions, 530° R.

P_{std} = Pressure at standard conditions, 29.92 in. Hg.

V_f = Volume of flask and valve, ml.

V_s = Volume of absorbing solution, 25 ml.

P_f = Final absolute pressure of flask, in. Hg.

P_i = Initial absolute pressure of flask, in. Hg.

T_f = Final absolute temperature of flask, °R.

T_i = Initial absolute temperature of flask, °R.

6.2 Sample concentration. Read $\mu g.$ NO_2 for each sample from the plot $\mu g.$ NO_2 versus absorbance.

$$c=\left(\frac{m}{V_{sc}}\right)\left(\frac{1\text{ lb./cu. ft.}}{1.6\times10^{6}\ \mu g.\text{ ml.}}\right)=\left(6.2\times10^{-2}\frac{\text{lb./s.c.f.}}{\mu g./\text{ml.}}\right)\left(\frac{m}{V_{sc}}\right)\quad\text{equation 7-2}$$

where:

c = Concentration of NO_x as NO_2 (dry basis), lb./s.c.f.

m = Mass of NO_2 in gas sample, $\mu g.$

V_{sc} = Sample volume at standard conditions (dry basis), ml.

7. *References.*

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METHOD 8.—DETERMINATION OF SULFURIC ACID MIST AND SULFUR DIOXIDE EMISSIONS FROM STATIONARY SOURCES

1. *Principle and applicability.*

1.1 Principle. A gas sample is extracted from a sampling point in the stack and the acid mist including sulfur trioxide is separated from sulfur dioxide. Both fractions are measured separately by the barium-thorin titration method.

1.2 Applicability. This method is applicable for determination of sulfuric acid mist (including sulfur trioxide) and sulfur dioxide from stationary sources only when specified by the test procedures for determining compliance with New Source Performance Standards.

2. *Apparatus.*

2.1 Sampling. See Figure 8-1. Many of the design specifications of this sampling train are described in APTD-0581.

2.1.1 Nozzle—Stainless steel (316) with sharp, tapered leading edge.

2.1.2 Probe—Pyrex[1] glass with a heating system to prevent visible condensation during sampling.

2.1.3 Pitot tube—Type S, or equivalent, attached to probe to monitor stack gas velocity.

2.1.4 Filter holder—Pyrex[1] glass.

2.1.5 Impingers—Four as shown in Figure 8-1. The first and third are of the Greenburg-Smith design with standard tip. The second and fourth are of the Greenburg-Smith design, modified by replacing the standard tip with a ½-inch ID glass tube extending to one-half inch from the bottom of the impinger flask. Similar collection systems, as approved by the Administrator, may be used.

2.1.6 Metering system—Vacuum gauge, leak-free pump, thermometers capable of measuring temperature to within 5° F., dry gas meter with 2 percent accuracy, and related equipment, or equivalent, as required to maintain an isokinetic sampling rate and to determine sample volume.

2.1.7 Barometer—To measure atmospheric pressure to ±0.1 in. Hg.

[1] Trade name.

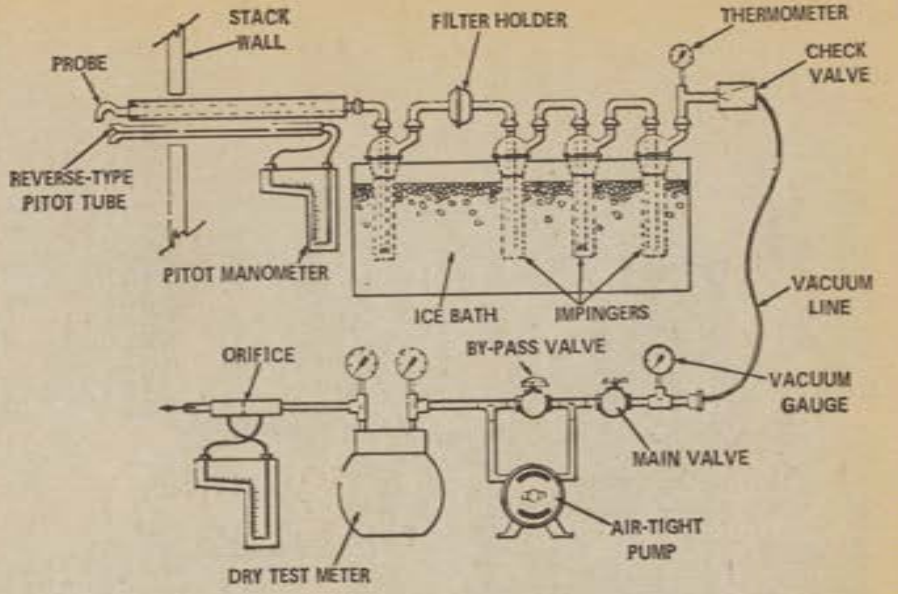


Figure 8-1. Sulfuric acid mist sampling train.

2.2 Sample recovery.

2.2.1 Wash bottles—Two.

2.2.2 Graduated cylinders—250 ml., 500 ml.

2.2.3 Glass sample storage containers.

2.2.4 Graduated cylinder—250 ml.

2.3 Analysis.

2.3.1 Pipette—25 ml., 100 ml.

2.3.2 Burette—50 ml.

2.3.3 Erlenmeyer flask—250 ml.

2.3.4 Graduated cylinder—100 ml.

2.3.5 Trip balance—300 g. capacity, to measure to ±0.05 g.

2.3.6 Dropping bottle—To add indicator solution.

3. *Reagents.*

3.1 Sampling.

3.1.1 Filters—Glass fiber, MSA type 1106 BH, or equivalent, of a suitable size to fit in the filter holder.

3.1.2 Silica gel—Indicating type, 6–16 mesh, dried at 175° C. (350° F.) for 2 hours.

3.1.3 Water—Deionized, distilled.

3.1.4 Isopropanol, 80 percent—Mix 800 ml. of isopropanol with 200 ml. of deionized, distilled water.

3.1.5 Hydrogen peroxide, 3 percent—Dilute 100 ml. of 30 percent hydrogen peroxide with 900 ml. deionized, distilled water.

3.1.6 Crushed ice.

3.2 Sample recovery.

3.2.1 Water—Deionized, distilled.

3.2.2 Isopropanol, 80 percent.

3.3 Analysis.

3.3.1 Water—Deionized, distilled.

3.3.2 Isopropanol.

3.3.3 Thorin indicator—1 - (o - arsonophenylazo) -2-naphthol-3, 6-disulfonic acid, disodium salt (or equivalent). Dissolve 0.20 g. in 100 ml. distilled water.

3.3.4 Barium perchlorate (0.01*N*)—Dissolve 1.95 g. of barium perchlorate $[Ba(ClO_4)_2\cdot3H_2O]$ in 200 ml distilled water and dilute to 1 liter with isopropanol. Standardize with sulfuric acid.

3.3.5 Sulfuric acid standard (0.01*N*)—Purchase or standardize against a primary standard to ±0.0002*N*.

4. *Procedure.*

4.1 Sampling.

4.1.1 After selecting the sampling site and the minimum number of sampling points, determine the stack pressure, temperature, moisture, and range of velocity head.

4.1.2 Preparation of collection train. Place 100 ml. of 80 percent isopropanol in the first impinger, 100 ml. of 3 percent hydrogen peroxide in both the second and third impingers,

and about 200 g. of silica gel in the fourth impinger. Retain a portion of the reagents for use as blank solutions. Assemble the train without the probe as shown in Figure 8-1 with a filter between the first and second impingers. Leak check the sampling train at the sampling site by plugging the inlet to the first impinger and pulling a 15-in. Hg vacuum. A leakage rate not in excess of 0.02 c.f.m. at a vacuum of 15 in. Hg is acceptable. Attach the probe and turn on the probe heating system. Adjust the probe heater setting during sampling to prevent any visible condensation. Place crushed ice around the impingers. Add more ice during the run to keep the temperature of the gases leaving the last impinger at 70° F. or less.

4.1.3 Train operation. For each run record the data required on the example sheet shown in Figure 8-2. Take readings at each sampling point at least every 5 minutes and when significant changes in stack conditions necessitate additional adjustments in flow rate. To begin sampling, position the nozzle at the first traverse point with the tip pointing directly into the gas stream. Start the pump and immediately adjust the flow to isokinetic conditions. Maintain isokinetic sampling throughout the sampling period. Nomographs are available which aid in the rapid adjustment of the sampling rate without other computations. APTD-0576 details the procedure for using these nomographs. At the conclusion of each run, turn off the pump and record the final readings. Remove the probe from the stack and disconnect it from the train. Drain the ice bath and purge the remaining part of the train by drawing clean ambient air through the system for 15 minutes.

4.2 Sample recovery.

4.2.1 Transfer the isopropanol from the first impinger to a 250-ml. graduated cylinder. Rinse the probe, first impinger, and all connecting glassware before the filter with 80 percent isopropanol. Add the rinse solution to the cylinder. Dilute to 250 ml. with 80 percent isopropanol. Add the filter to the solution, mix, and transfer to a suitable storage container. Transfer the solution from the second and third impingers to a 500-ml. graduated cylinder. Rinse all glassware between the filter and silica gel impinger with deionized, distilled water and add this rinse water to the cylinder. Dilute to a volume of 500 ml. with deionized, distilled water. Transfer the solution to a suitable storage container.

4.3 Analysis.

4.3.1 Shake the container holding isopropanol and the filter. If the filter breaks up, allow the fragments to settle for a few minutes before removing a sample. Pipette a 100-ml. aliquot of sample to a 250-ml. erlenmeyer flask and add 2 to 4 drops of thorin indicator. Titrate the sample with barium perchlorate to a pink end point. Make sure to record volumes. Repeat the titration with a second aliquot of sample. Shake the container holding the contents of the second and third impingers. Pipette a 25 ml. aliquot of sample to a 250-ml. erlenmeyer flask. Add 100 ml. of isopropanol and 2 to 4 drops of thorin indicator. Titrate the sample with barium perchlorate to pink end point. Repeat the titration with a second aliquot of sample. Analyze the blanks in the same manner as the samples.

5. *Calibration.*

5.1 Use standard methods and equipment approved by the Administrator to calibrate the orifice meter, pitot tube, dry gas meter, and probe heater.

5.2 Standardize the sulfuric acid with potassium acid phthalate as a primary standard. Standardize the barium perchlorate with 25 ml. of standard sulfuric acid containing 100 ml. of isopropanol.

6. *Calculations.*

6.1 Dry gas volume. Correct the sample volume measured by the dry gas meter to standard conditions (70° F., 29.92 in Hg) by using Equation 8-1.

PLANT_____
LOCATION_____
OPERATOR_____
DATE_____
RUN NO._____
SAMPLE BOX NO._____
METER BOX NO._____
METER $\Delta H_@$_____
C FACTOR_____

SCHEMATIC OF STACK CROSS SECTION

AMBIENT TEMPERATURE_____
BAROMETRIC PRESSURE_____
ASSUMED MOISTURE, %_____
HEATER BOX SETTING_____
PROBE LENGTH, m._____
NOZZLE DIAMETER, in._____
PROBE HEATER SETTING_____

TRAVERSE POINT NUMBER	SAMPLING TIME (θ), min.	STATIC PRESSURE (P_S), in. Hg.	STACK TEMPERATURE (T_S), °F	VELOCITY HEAD (ΔP_S),	PRESSURE DIFFERENTIAL ACROSS ORIFICE METER (ΔH), in. H_2O	GAS SAMPLE VOLUME (V_m), ft^3	GAS SAMPLE TEMPERATURE AT DRY GAS METER		SAMPLE BOX TEMPERATURE, °F	IMPINGER TEMPERATURE, °F
							INLET ($T_{m\ in.}$), °F	OUTLET ($T_{m\ out}$), °F		
TOTAL							Avg.	Avg.		
AVERAGE							Avg.			

Figure 8-2. Field data.

$$V_{m_{std}} = V_m \left(\frac{T_{std}}{T_m}\right)\left(\frac{P_{bar} + \Delta H/13.6}{P_{std}}\right) = \left(17.71 \frac{°R}{in.\ Hg}\right)(V_m)\left(\frac{P_{bar} + \Delta H/13.6}{T_m}\right)$$

equation 8-1

where:

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), cu. ft.

V_m = Volume of gas sample through the dry gas meter (meter conditions), cu. ft.

T_{std} = Absolute temperature at standard conditions, 530° R.

T_m = Average dry gas meter temperature, °R.

P_{bar} = Barometric pressure at the orifice meter, in. Hg.

ΔH = Pressure drop across the orifice meter, in. H_2O.

13.6 = Specific gravity of mercury.

P_{std} = Absolute pressure at standard conditions, 29.92 in. Hg.

6.2 Sulfuric acid concentration

$$c_{H_2SO_4} = \left(1.08\times10^{-4}\ \frac{\text{lb.-l.}}{\text{g.-ml.}}\right)\frac{(V_t - V_{tb})(N)\left(\frac{V_{soln}}{V_a}\right)}{V_{m_{std}}}$$

equation 8-2

where:

$c_{H_2SO_4}$ = Concentration of sulfuric acid at standard conditions, dry basis, lb./cu. ft.

1.08×10^{-4} = Conversion factor including the number of grams per gram equivalent of sulfuric acid (49 g./g.-eq), 453.6 g./lb., and 1,000 ml./l., lb.-l./g.-ml.

V_t = Volume of barium perchlorate titrant used for the sample, ml.

V_{tb} = Volume of barium perchlorate titrant used for blank, ml.

N = Normality of barium perchlorate titrant, q.-equivalent/liter.

V_{soln} = Total solution volume of sulfuric acid (first impinger and filter), ml.

V_a = Volume of sample aliquot titrated, ml.

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), see Equation 8-1, cu. ft.

6.3 Sulfur dioxide concentration

$$c_{SO_2} = \left(7.05\times10^{-5}\ \frac{\text{lb.-l.}}{\text{g.-ml.}}\right)\frac{(V_t - V_{tb})(N)\left(\frac{V_{soln}}{V_a}\right)}{V_{m_{std}}}$$

equation 8-3

where:

c_{SO_2} = Concentration of sulfur dioxide at standard conditions, dry basis, lb./cu. ft.

7.05×10^{-5} = Conversion factor including the number of grams per gram equivalent of sulfur dioxide (32 g./g.-eq.), 453.6 g./lb., and 1,000 ml./l., lb.-l./g.-ml.

V_t = Volume of barium perchlorate titrant used for the sample, ml.

V_{tb} = Volume of barium perchlorate titrant used for the blank, ml.

N = Normality of barium perchlorate titrant, g.-eq./l.

V_{soln} = Total solution volume of sulfur dioxide (second and third impingers), ml.

V_a = Volume of sample aliquot titrated, ml.

$V_{m_{std}}$ = Volume of gas sample through the dry gas meter (standard conditions), see Equation 8-1, cu. ft.

7. *References.*

Atmospheric Emissions from Sulfuric Acid Manufacturing Processes. U.S. DHEW, PHS, Division of Air Pollution. Public Health Service Publication No. 999-AP-13. Cincinnati, Ohio. 1965.

Corbett, D. F. The Determination of SO_2 and SO_3 in Flue Gases. Journal of the Institute of Fuel. *24:* 237-243. 1961.

Martin, Robert M. Construction Details of Isokinetic Source Sampling Equipment. Environmental Protection Agency. Air Pollution Control Office Publication No. APTD-0581.

Patton, W. F. and J. A. Brink, Jr. New Equipment and Techniques for Sampling Chemical Process Gases. Paper presented at the 55th Annual Meeting of APCA. Chicago, Ill. May 20-24, 1962.

Rom, Jerome J. Maintainence, Calibration, and Operation of Isokinetic Source Sampling Equipment. Environmental Protection Agency. Air Pollution Control Office Publication No. APTD-0576.

Shell Development Co. Analytical Department. Determination of Sulfur Dioxide and Sulfur Trioxide in Stack Gases. Emeryville Method Series. 4S16/59a.

METHOD 9—DETERMINATION OF THE OPTICAL DENSITY OR OPACITY OF VISIBLE EMISSIONS FROM STATIONARY SOURCES

1. *Principle and applicability.*

1.1 Principle. The relative optical density or opacity of an emission from a stationary source is determined visually by a qualified observer.

1.2 Applicability. This method is applicable for the determination of the relative optical density or opacity of visible emissions from stationary sources only when specified by test procedures for determining compliance with New Source Performance Standards.

2. *Procedures.*

2.1 Black or gray smoke. The qualified observer stands at least two stack heights but not more than a quarter of a mile from the base of the stack with the sun to his back. From a vantage point perpendicular to the plume, the observer studies the point of greatest optical density in the plume. Record the data required in Figure 9-1 every 15 to 30 seconds. Read to the nearest quarter Ringelmann number.

2.2 Smoke other than gray or black. The qualified observer goes through the same procedure as depicted in section 2.1 except readings of opacity are recorded instead of Ringelmann numbers.

3. *Qualifications.*

3.1 To qualify as an observer, a candidate must complete a smoke-reading course conducted by OAP, or equivalent. The candidate must be able to assign Ringelmann numbers to the nearest quarter of a Ringelmann number to 25 different smoke plumes, with an error not to exceed 15 percent on any one reading and an average error not to exceed 7.5 percent on all 25 readings. The smoke generator used to train the observers should be equipped with a calibrated smoke indicator or light transmission meter located in the source stack of the smoke generator to determine the actual Ringelmann number or opacity of the emissions. All qualified observers must pass this test every year in order to be recertified.

3.2 To pass the test for certification for observing opacity, one must assign opacity readings in 5 percent increments to 25 different plumes, with an error not to exceed 15 percent on any one reading and an average error not to exceed 7.5 percent on all 25 readings. All qualified observers must pass this test every year in order to be recertified.

4. *Calculations.*

4.1 Ringelmann number. Determine the average reading.

4.2 Opacity. Determine the average reading.

TIME	0	¼	½	¾
0				
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				

	0	¼	½	¾
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				
56				
57				
58				
59				

Observation data

Plant _____

Stack location _____

Observer _____

Date _____

Time _____

Distance to stack _____

Wind direction _____

Wind speed _____

Sum of numbers recorded _____

Total number of readings _____

Ringelmann no. = $\frac{\text{Sum of nos. recorded}}{\text{Total no. readings}}$ _____

_____

Opacity = $\frac{\text{Sum of nos. recorded}}{\text{Total no. readings}}$ _____

_____

Figure 9-1. Field data.

5. *References.*

Air Pollution Control District Rules and Regulations. Los Angeles County Air Pollution Control District. Chapter 2, Schedule 6, Regulation 4. Prohibition, Rule 50. 17 p.

Kudluk, Rudolf. Ringelmann Smoke Chart. U.S. Dept. of Interior, Bureau of Mines. Information Circular No. 8333. May 1967.

[FR Doc.71-11438 Filed 8-16-71;8:45 am]

federal register

TUESDAY, AUGUST 17, 1971
WASHINGTON, D.C.
Volume 36 ■ Number 159

PART III

THE PRESIDENT

■

Proclamation: Imposition of Supplemental Duty for Balance of Payments Purposes

■

Executive Order: Providing for Stabilization of Prices, Rents, Wages, and Salaries

Title 3—The President

PROCLAMATION 4074

Imposition of Supplemental Duty for Balance of Payments Purposes

By the President of the United States of America

A Proclamation

WHEREAS, there has been a prolonged decline in the international monetary reserves of the United States, and our trade and international competitive position is seriously threatened and, as a result, our continued ability to assure our security could be impaired;

WHEREAS, the balance of payments position of the United States requires the imposition of a surcharge on dutiable imports;

WHEREAS, pursuant to the authority vested in him by the Constitution and the statutes, including, but not limited to, the Tariff Act of 1930, as amended (hereinafter referred to as "the Tariff Act"), and the Trade Expansion Act of 1962 (hereinafter referred to as "the TEA"), the President entered into, and proclaimed tariff rates under, trade agreements with foreign countries;

WHEREAS, under the Tariff Act, the TEA, and other provisions of law, the President may, at any time, modify or terminate, in whole or in part, any proclamation made under his authority;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes, including, but not limited to, the Tariff Act, and the TEA, respectively, do proclaim as follows:

A. I hereby declare a national emergency during which I call upon the public and private sector to make the efforts necessary to strengthen the international economic position of the United States.

B. (1) I hereby terminate in part for such period as may be necessary and modify prior Presidential Proclamations which carry out trade agreements insofar as such proclamations are inconsistent with, or proclaim duties different from, those made effective pursuant to the terms of this Proclamation.

(2) Such proclamations are suspended only insofar as is required to assess a surcharge in the form of a supplemental duty amounting to 10 percent ad valorem. Such supplemental duty shall be imposed on all dutiable articles imported into the customs territory of the United States from outside thereof, which are entered, or withdrawn from warehouse, for consumption after 12:01 a.m., August 16, 1971, provided, however, that if the imposition of an additional duty of 10 percent ad valorem would cause the total duty or charge payable to exceed the total duty or

charge payable at the rate prescribed in column 2 of the Tariff Schedules of the United States, then the column 2 rate shall apply.

C. To implement section B of this Proclamation, the following new subpart shall be inserted after subpart B of part 2 of the Appendix to the Tariff Schedules of the United States:

SUBPART C—TEMPORARY MODIFICATIONS FOR BALANCE OF PAYMENTS PURPOSES

Subpart C headnotes:

1. This subpart contains modifications of the provisions of the tariff schedules proclaimed by the President in Proclamation 4074.

2. *Additional duties imposed*—The duties provided for in this subpart are cumulative duties which apply in addition to the duties otherwise imposed on the articles involved. The provisions for these duties are effective with respect to articles entered on and after 12:01 a.m., August 16, 1971, and shall continue in effect until modified or terminated by the President or by the Secretary of the Treasury (hereinafter referred to as the Secretary) in accordance with headnote 4 of this subpart.

3. *Limitation on additional duties*—The additional 10 percent rate of duty specified in rate of duty column numbered 1 of item 948.00 shall in no event exceed that rate which, when added to the column numbered 1 rate imposed on the imported article under the appropriate item in schedules 1 through 7 of these schedules, would result in an aggregated rate in excess of the rate provided for such article in rate of duty column numbered 2.

4. For the purposes of this subpart—

(a) *Delegation of authority to Secretary*—The Secretary may from time to time take action to reduce, eliminate or reimpose the rate of additional duty herein or to establish exemption therefrom, either generally or with respect to an article which he may specify either generally or as the product of a particular country, if he determines that such action is consistent with safeguarding the balance of payments position of the United States.

(b) *Publication of Secretary's actions*—All actions taken by the Secretary hereunder shall be in the form of modifications of this subpart published in the FEDERAL REGISTER. Any action reimposing the additional duties on an article exempted therefrom by the Secretary shall be effective only with respect to articles entered on and after the date of publication of the action in the FEDERAL REGISTER.

(c) *Authority to prescribe rules and regulations*—The Secretary is authorized to prescribe such rules and regulations as he determines to be necessary or appropriate to carry out the provisions of this subpart.

5. *Articles exempt from the additional duties*—In accordance with determinations made by the Secretary in accordance with headnote 4(a), the following described articles are exempt from the provisions of this subpart:

* * * * *

Item	Article	Rates of duty	
		1	2
948.00	Articles, except as exempted under headnote 5 of this subpart, which are not free of duty under these schedules and which are the subject of tariff concessions granted by the United States in trade agreements.....	10% ad val... (See headnote 3 of this subpart.)	No change.

D. This Proclamation shall be effective 12:01 a.m., August 16, 1971.

IN WITNESS WHEREOF, I have hereunto set my hand this fifteenth day of August in the year of our Lord nineteen hundred and seventy-one, and of the Independence of the United States of America the one hundred and ninety-sixth.

Richard Nixon

[FR Doc.71-12120 Filed 8-16-71;12:26 pm]

NOTE: For the text of the President's radio and television address in connection with Proclamation 4074, above, see Weekly Comp. of Pres. Docs., Vol. 7, No. 34, issue of Aug. 23, 1971.

EXECUTIVE ORDER 11615

Providing for Stabilization of Prices, Rents, Wages, and Salaries

WHEREAS, in order to stabilize the economy, reduce inflation, and minimize unemployment, it is necessary to stabilize prices, rents, wages, and salaries; and

WHEREAS, the present balance of payments situation makes it especially urgent to stabilize prices, rents, wages, and salaries in order to improve our competitive position in world trade and to protect the purchasing power of the dollar:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes of the United States, including the Economic Stabilization Act of 1970 (P.L. 91–379, 84 Stat. 799), as amended, it is hereby ordered as follows:

SECTION 1. (a) Prices, rents, wages, and salaries shall be stabilized for a period of 90 days from the date hereof at levels not greater than the highest of those pertaining to a substantial volume of actual transactions by each individual, business, firm or other entity of any kind during the 30-day period ending August 14, 1971, for like or similar commodities or services. If no transactions occurred in that period, the ceiling will be the highest price, rent, salary or wage in the nearest preceding 30-day period in which transactions did occur. No person shall charge, assess, or receive, directly or indirectly in any transaction prices or rents in any form higher than those permitted hereunder, and no person shall, directly or indirectly, pay or agree to pay in any transaction wages or salaries in any form, or to use any means to obtain payment of wages and salaries in any form, higher than those permitted hereunder, whether by retroactive increase or otherwise.

(b) Each person engaged in the business of selling or providing commodities or services shall maintain available for public inspection a record of the highest prices or rents charged for such or similar commodities or services during the 30-day period ending August 14, 1971.

(c) The provisions of sections 1 and 2 hereof shall not apply to the prices charged for raw agricultural products.

SEC. 2. (a) There is hereby established the Cost of Living Council which shall act as an agency of the United States and which is hereinafter referred to as the Council.

(b) The Council shall be composed of the following members: The Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Director of the Office of Emergency Preparedness, and the Special Assistant to the President for Consumer Affairs. The Secretary of the Treasury shall serve as Chairman of the Council and the Chairman of the Council of Economic Advisers shall serve as Vice Chairman. The Chairman of the Board of Governors of the Federal Reserve System shall serve as adviser to the Council.

(c) Under the direction of the Chairman of the Council a Special Assistant to the President shall serve as Executive Director of the Council,

and the Executive Director is authorized to appoint such personnel as may be necessary to assist the Council in the performance of its functions.

SEC. 3. (a) Except as otherwise provided herein, there are hereby delegated to the Council all of the powers conferred on the President by the Economic Stabilization Act of 1970.

(b) The Council shall develop and recommend to the President additional policies, mechanisms, and procedures to maintain economic growth without inflationary increases in prices, rents, wages, and salaries after the expiration of the 90-day period specified in Section 1 of this Order.

(c) The Council shall consult with representatives of agriculture, industry, labor and the public concerning the development of policies, mechanisms and procedures to maintain economic growth without inflationary increases in prices, rents, wages, and salaries.

(d) In all of its actions the Council will be guided by the need to maintain consistency of price and wage policies with fiscal, monetary, international and other economic policies of the United States.

(e) The Council shall inform the public, agriculture, industry, and labor concerning the need for controlling inflation and shall encourage and promote voluntary action to that end.

SEC. 4. (a) The Council, in carrying out the provisions of this Order, may (i) prescribe definitions for any terms used herein, (ii) make exceptions or grant exemptions, (iii) issue regulations and orders, and (iv) take such other actions as it determines to be necessary and appropriate to carry out the purposes of this Order.

(b) The Council may redelegate to any agency, instrumentality or official of the United States any authority under this Order, and may, in administering this Order, utilize the services of any other agencies, Federal or State, as may be available and appropriate.

(c) On request of the Chairman of the Council, each Executive department or agency is authorized and directed, consistent with law, to furnish the Council with available information which the Council may require in the performance of its functions.

(d) All Executive departments and agencies shall furnish such necessary assistance as may be authorized by section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691).

SEC. 5. The Council may require the maintenance of appropriate records or other evidence which are necessary in carrying out the provisions of this Order, and may require any person to maintain and produce for examination such records or other evidence, in such form as it shall require, concerning prices, rents, wages, and salaries and all related matters. The Council may make such exemptions from any requirement otherwise imposed as are consistent with the purposes of this Order.

Any type of record or evidence required under regulations issued under this Order shall be retained for such period as the Council may prescribe.

SEC. 6. The expenses of the Council shall be paid from such funds of the Treasury Department as may be available therefor.

SEC. 7. (a) Whoever willfully violates this Order or any order or regulation issued under authority of this Order shall be fined not more than $5,000 for each such violation.

(b) The Council shall in its discretion request the Department of Justice to bring actions for injunctions authorized under Section 205 of the Economic Stabilization Act of 1970 whenever it appears to the Council that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any regulation or order issued pursuant to this Order.

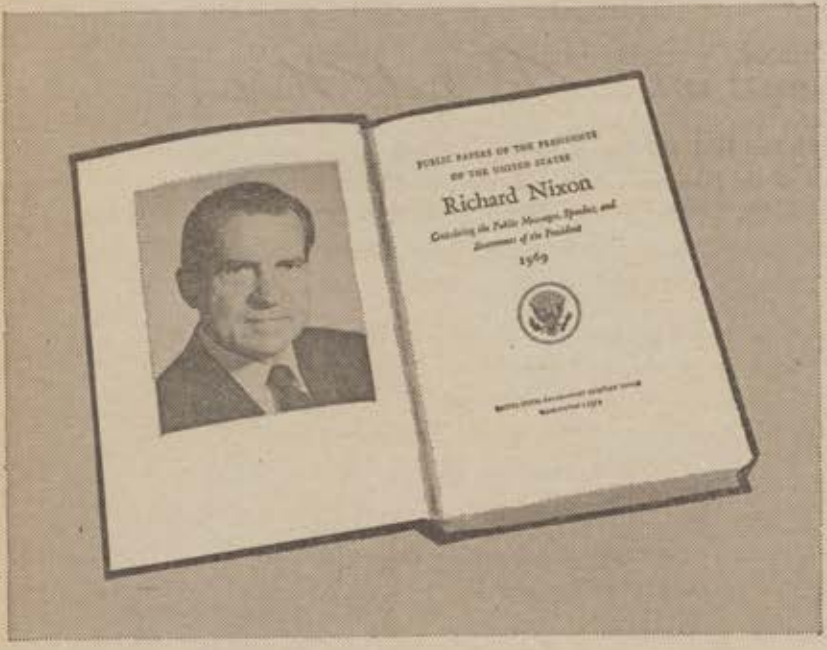
THE WHITE HOUSE,
August 15, 1971.

Richard Nixon

[FR Doc.71-12119 Filed 8-16-71;12:25 pm]

NOTE: For the text of the President's radio and television address in connection with E.O. 11615, above, see Weekly Comp. of Pres. Docs., Vol. 7, No. 34, issue of Aug. 23, 1971.

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