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Presidential Documents

Title 3—

The President

Proclamation 5702 of September 17, 1987

National Employ the Handicapped Week, 1987

By the President of the United States of America

A Proclamation

The American people are becoming more and more aware of the great potential of citizens with disabilities. We are also realizing that providing equal employment opportunities to handicapped individuals is both the right thing to do and a matter of economic common sense and necessity.

Competitive reality is causing business, industry, and organized labor to urge complete integration of the disabled into the job market. Federal, State, and local governments have also provided significant opportunities for these men and women. They are filling critical gaps in the work force and contributing to productivity, because the demands placed on America's labor resources have changed; because medical and technological developments are opening doors; and, most of all, because these Americans continue to prove that they can perform effectively on the job.

The Congress, by Joint Resolution approved August 11, 1945, as amended (36 U.S.C. 155), has called for the designation of the first full week in October of each year as "National Employ the Handicapped Week." This special week is a time for all Americans to join together to renew their dedication to meeting the goal of full opportunities for handicapped people.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim the week beginning October 4, 1987, as National Employ the Handicapped Week. I urge all governors, mayors, other public officials, leaders in business and labor, and private citizens to help meet the challenge of ensuring equal employment opportunities and full citizenship rights and privileges for disabled Americans.

IN WITNESS WHEREOF, I have hereunto set my hand this seventeenth day of September, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and twelfth.

Ronald Reagan

[FR Doc. 87-21970
Filed 9-21-87; 8:53 am]
Billing code 3195-01-M

Presidential Documents

Proclamation 5703 of September 17, 1987

National School Yearbook Week, 1987

By the President of the United States of America

A Proclamation

School yearbooks not only chronicle educational achievement and school tradition but are a part of them. For nearly two centuries American students have produced yearbooks to commemorate the accomplishments of the school year and to compose a lasting record, written and pictorial, of campus, classmates, teachers, and school staff.

In later years, alumni treasure their yearbooks for the memories they hold of times gone by and friends of long ago. The students who compile yearbooks likewise treasure all that the experience can teach them about teamwork and about writing, the graphic arts, and business skills. The practical cooperation and specialization that students learn in yearbook production stand them in good stead when they enter college or pursue other opportunities.

The Congress, by Public Law 100–105, has designated the week beginning October 4, 1987, as "National School Yearbook Week," and has authorized and requested the President to issue a proclamation in observance of this event.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim the week beginning October 4, 1987, as National School Yearbook Week. I call upon all Americans to observe this week with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this seventeenth day of September, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and twelfth.

Ronald Reagan

[FR Doc. 87-21971
Filed 9-21-87; 8:54 am]
Billing code 3195-01-M

Presidential Documents

Proclamation 5704 of September 17, 1987

National Year of Friendship With Finland, 1988

By the President of the United States of America

A Proclamation

Finnish settlers first arrived in this country in 1638, when Nordics, many of them natives of Finland or Swedes who spoke Finnish, established the colony of New Sweden in present-day Delaware. They introduced European civilization to the Delaware River Valley and began the transformation of a vast wilderness. Theirs were the pioneer spirit and virtues that are the foundation of our national character. The 350th anniversary of their landing is a most fitting time to celebrate the legacy of America's Finnish pioneers and their descendants and to recall that the friendship of the United States and Finland has deep historical roots.

To commemorate the relationship between the peoples of Finland and the United States on the 350th anniversary of New Sweden, the Congress, by Public Law 99–602, has designated 1988 as "National Year of Friendship with Finland," and has authorized and requested the President to issue a proclamation in its observance.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim 1988 as National Year of Friendship with Finland. I call upon all Americans to observe the year with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this seventeenth day of September, in the year of our Lord nineteen hundred and eighty-seven, and of the Independence of the United States of America the two hundred and twelfth.

Ronald Reagan

[FR Doc. 87–21972
Filed 9–21–87; 8:55 am]
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Rules and Regulations

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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.
The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 987

Domestic Dates Produced or Packed In Riverside County, CA; Change of Container Requirements

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule will add a two-pound plastic container to the existing regulations prescribed for whole and pitted DAC dates of any variety handled in the United States under the Federal marketing order for California dates. Date container sizes are limited under the marketing order to prevent pricing confusion in the marketplace. The change will give handlers additional marketing flexibility. DAC dates are the highest quality of dates shipped under the marketing order.

EFFECTIVE DATE: September 22, 1987.

FOR FURTHER INFORMATION CONTACT: James M. Scanlon, Acting Chief, USDA, AMS, Fruit and Vegetable Division, Marketing Order Administration Branch, Room 2526-South Building, P.O. Box 96456, Washington, DC 20090-6456, telephone: (202) 447-5697.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Order No. 987, as amended (7 CFR Part 987), regulating the handling of dates produced or packed in Riverside County, California. This order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the Act.

This rule has been reviewed under Executive Order 12291 and Departmental Regulation 1512-1 and has been determined to be a "non-major" rule under criteria contained therein.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Administrator of the Agricultural Marketing Service (AMS) has considered the economic impact of this action on small entities.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act and rules issued thereunder are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 26 handlers of California dates subject to regulation under the date marketing order, and approximately 150 producers in California. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.1) as those having annual gross revenues for the last three of less than $100,000, and small agricultural service firms are defined as those whose gross annual receipts are less than $3,500,000. The majority of the date handlers and producers may be classified as small entities.

Notice of this rule was published in the **Federal Register** (52 FR 26668, July 16, 1987). That notice provided that interested persons could file public comments through August 17. No comments were received.

Date production in the United States is in the Coachella Valley of California. Nearly all of the dates are grown and packed within 20 miles of Indio, California. In 1986, 17,600 tons of California dates were produced. This is about 39 percent smaller than the record large 1985 crop of 29,000 tons. Shipments of California whole and pitted dates in domestic markets totaled 4,937 tons in the 1985-86 marketing year, and 4,425 tons in 1984-85 (October through September). Through May of the 1986-87 marketing year, the industry has shipped almost 7,300 tons to domestic markets. The farm value of the 1985 crop was $25.1 million. For 1985, bearing acreage was 4,373 acres and nonbearing acreage was 1,297 acres. Since 1980, more date palms have been planted than have been removed.

It is the Department's veiw that permitting use of an additional container will provide handlers additional marketing flexibility and benefit both growers and handlers.

This rule will amend § 987.112a(b)(3)(i) and (ii) of Subpart—Administrative Rules (7 CFR 987.101 through 987.172) to authorize the marketing of whole and pitted DAC dates in the domestic market in two-pound plastic containers. The provisions are issued under § 987.48 of the marketing order.

Section 987.112a(b)(3) prescribes consumer sizes of plastic containers, in terms of net weight content, that handlers must use when they package DAC dates in such containers for handling in domestic markets. The largest plastic containers currently authorized for whole and pitted date shipments are 1 pound 8 ounces, and more than two pounds. The committee believes that a two-pound container will fit advantageously into the array of sizes currently authorized. The committee also believes that the use of two-pound plastic containers will foster increased whole and pitted date sales.

After consideration of all relevant matter presented, the information and recommendations submitted by the committee, and other available information, it is found that the rule as hereinafter set forth will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is hereby found that good cause exists for not postponing the effective date of this action until 30 days after publication in the **Federal Register** because (1) this action relaxes restrictions on handlers by permitting handlers to use an additional plastic container; (2) some handlers are waiting to use the additional container; and (3) the new container is expected to further California date sales and shipments during the course of the current season and future seasons.

List of Subjects in 7 CFR Part 987

Marketing agreements and orders, California, Dates.

For the reasons set forth in the preamble, the following action pertaining to 7 CFR Part 987 is taken:

PART 987—DOMESTIC DATES PRODUCED OR PACKED IN RIVERSIDE COUNTY, CA

1. The authority citation for 7 CFR Part 987 continues to read as follows:

Authority: Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674.

§ 987.112a [Amended]

2. Sections 987.112a(b)(3) (i) and (ii) of Subpart—Administrative Rules (7 CFR 987.101–987.172), are amended by inserting the words "two pounds or more" in place of the words "more than two pounds".

Dated: September 15, 1987.

Robert C. Keeney,

Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[FR Doc. 87–21836 Filed 9–21–87; 8:45 am]

BILLING CODE 3410–02–M

FEDERAL ELECTION COMMISSION

11 CFR Parts 100 and 110

[Notice 1987–11]

Contributions to and Expenditures by Delegates to National Nominating Conventions

AGENCY: Federal Election Commission.

ACTION: Final rule; transmittal of regulations to Congress.

SUMMARY: The Commission has revised its regulations at 11 CFR 110.14 governing the role of delegates and delegate committees in the Presidential delegate selection process. These regulations implement the contribution and expenditure limitations applicable to delegates and delegate committees, and set forth the reporting obligations of delegate committees under the Federal Election Campaign Act ("the Act" or "FECA"), 2 U.S.C. 431 *et seq.* The revisions clarify the distinction between the treatment of individual delegates and the treatment of delegate committees under these rules. The amended rules also establish criteria for determining whether delegate committees are affiliated with the campaign committee of the Presidential candidate they support. In addition, the Commission has made several corresponding amendments to 11 CFR 100.5(e), 110.1 and 110.2 to bring those provisions into conformity with the revised delegate selection rules. Further information on these revisions is provided in the supplementary information which follows.

DATES: Further action, including the announcement of an effective date, will be taken after these regulations have been before Congress for 30 legislative days pursuant to 2 U.S.C. 438(d).

FOR FURTHER INFORMATION CONTACT: Ms. Susan E. Propper, Assistant General Counsel, 999 E Street, NW., Washington, DC 20463, (202) 376–5690 or (800) 424–9530.

SUPPLEMENTARY INFORMATION: The Commission is publishing today the final text of revised rules governing the delegate selection process at 11 CFR 110.14. The Commission is also publishing conforming amendments to §§ 100.5, 110.1 and 110.2 to reflect the changes made in the delegate selection regulations.

On March 4, 1987, the Commission issued a Notice of Proposed Rulemaking seeking comments on proposed revisions to these regulations. 52 FR 6580. Three comments were received in response to the Notice. A public hearing was scheduled for April 22, 1987, but was subsequently cancelled because no requests to testify were received.

Section 438(d) of Title 2, United States Code, requires that any rule or regulation prescribed by the Commission to carry out the provisions of Title 2 of the United States Code be transmitted to the Speaker of the House of Representatives and the President of the Senate 30 legislative days before they are finally promulgated. These regulations were transmitted to Congress on September 17, 1987.

Explanation and Justification

The Notice of Proposed Rulemaking raised several questions concerning the role of draft committees and multicandidate committees closely associated with potential Presidential candidates in the delegate selection process, but did not put forward draft language to resolve the issues presented. One comment addressed these areas. The Commission also raised the same questions concerning multicandidate committees in a separate rulemaking regarding affiliation between political committees. See 51 FR 27183 (July 30, 1986). The Commission has concluded that it is more appropriate to address the multicandidate committee questions in the affiliation regulations rather than in the delegate regulations. Similarly, the Commission has decided that it would be better to address the draft committee issues in a separate rulemaking project at a later date. Consequently, the revised delegate selection regulations do not specifically cover these areas.

Section 110.14 Contributions to and expenditures by delegates and delegate committees.

Section 110.14 of the Commission's regulations establishes guidelines for delegates and delegate committees as to the impact of the FECA on a range of activities they may wish to undertake in the process of selecting delegates to a national nominating convention. Under § 110.14, funds received and spent for delegate selection activities are contributions and expenditures made to influence federal elections. This results from the definition of "election," which includes both a national nominating convention and a primary election held to select delegates to such a convention. 2 U.S.C. 431(1) (B) and (C). Consequently, only funds permissible under the Act may be used for such activities. However, because delegates are not candidates for federal office under the FECA, individual delegates are not subject to the same limitations on contributions they receive or the same reporting requirements as federal candidates. By contrast, delegate committees that qualify as political committees under 2 U.S.C. 431(4) have the same reporting requirements and are subject to the same contribution limits as other political committees, with certain limited exceptions explained below. The Commission's regulations also contain provisions explaining when certain expenditures by delegates and delegate committees may trigger the limits on contributions to a federal candidate, or may affect a publicly-financed Presidential candidate's spending limits.

A major focus of the revisions to § 110.14 is the reorganization of this section to clarify which provisions apply to individual delegates and which ones apply to delegate committees. Section 110.14 has also been retitled "Contributions to and expenditures by delegates and delegate committees" to reflect this reorganization. The provisions pertaining to contributions made to an individual delegate and expenditures made by that delegate are located in new paragraphs (d), (e) and (f). The corresponding provisions that apply to delegate committees are set forth in new paragraphs (g), (h) and (i). The other major change in § 110.14 is the addition of new paragraphs (j) and (k), which provide guidance as to when delegate committees may be deemed to be affiliated with a Presidential candidate's authorized committee or with other delegate committees.

Section 110.14(a) Scope.

This paragraph generally follows the current rule by stating that § 110.14 applies to all levels of the delegate selection process. Although no substantive changes have been made, paragraph (a) was slightly reworded for clarity and designated "Scope."

In response to a question posed in the Notice of Proposed Rulemaking, one commenter urged the Commission to

amend this provision to state more precisely what activities are part of the delegate selection process. Given that delegate selection procedures vary from state to state and from party to party, the Commission has concluded that more detailed language would not provide sufficient flexibility to examine individual situations.

Section 110.14(b) Definitions.

There is no change in the definition of "delegate" in paragraph (b)(1).

The definition of "delegate committee" in paragraph (b)(2) has been revised to make clear that a delegate committee may not necessarily be a political committee under the Act. Consequently, only delegate committees that qualify as political committees under 11 CFR 100.5 are required to register with the Commission pursuant to Part 102 and file reports of receipts and disbursements in accordance with Part 104.

Section 110.14(c) Funds received and expended; prohibited funds.

Section 110.14(c)(1) contains new language to clarify that funds received or disbursements made for the purpose of furthering the selection of a delegate to a national nominating convention are contributions or expenditures made for the purpose of influencing a federal election. This represents a continuation of previous Commission policy. *See* Explanation and Justification for 11 CFR 110.14, 45 FR 34865, 34866 (May 23, 1980); AO 1980–5; and AO 1975–12.

This paragraph also sets forth two exceptions to the general rule, following current § 110.14(a) (1) and (2). First, fees paid by a delegate to a State or subordinate State party committee as a condition for ballot access as a delegate are not contributions or expenditures for the purpose of influencing federal elections. Payments made to a State party committee by individuals who seek to qualify for selection as delegates are analogous to payments made by candidates for Federal office as a condition of ballot access that are specifically excluded from the definition of "contribution" and "expenditure." 2 U.S.C. 431(8)(B)(xiii); and 431(9)(B)(x); 11 CFR 100.7(b)(18); and 11 CFR 100.8(b)(19). *See also* AO 1980–5. The second category of payments that are exempted are administrative expenses incurred by a State or subordinate State party committee in connection with the sponsoring of conventions or caucuses during which delegates to a national nominating convention are selected.

Paragraph (c)(2) follows current § 110.14(f) by requiring that all funds received and disbursements made for the purpose of furthering a delegate's selection to a national nominating convention, including payments required as a condition of ballot access and administrative expenses incurred by a State or subordinate State committee, be made from funds permissible under the Act. The Commission received one comment strongly supporting the permissible funds requirement.

Section 110.14(d) Contributions to a delegate.

This paragraph generally follows current § 110.14(c) in explaining the application of the contribution limits to contributions made to individual delegates. Although no substantive changes have been made, this paragraph has been reorganized for clarity. Contributions to delegates are not subject to the limits on contributions to candidates or political committees set forth at 11 CFR 110.1 and 110.2 because delegates do not come within the definition of "candidate" in the Act. 2 U.S.C. 431(2). However, contributions from an individual to a delegate are subject to that individual's $25,000 annual limit on contributions because the aggregate annual limit applies generally to all contributions made for the purpose of influencing a federal election.

The Commission received one comment on this section, which supported the requirement that contributions to delegates count against the individual contributor's $25,000 annual contribution limit. The commenting organization also urged the Commission to revise the regulations in certain respects. It suggested treating authorized and committed delegates as agents of the Presidential candidate's principal campaign committee, and counting contributions to and expenditures by such delegates against the committee's contribution limits. Alternatively, the commenter proposed counting such contributions and expenditures against the candidate's limits only in the event that the individual delegate is directly or indirectly financed by the Presidential candidate or the campaign committee. The Commission does not believe that such a substantial change in the regulations is necessary. If there is evidence in a particular case demonstrating that an individual delegate is in fact serving as an agent of a Presidential campaign committee or of a delegate committee, the Commission's regulations allow for the attribution of the delegate's contributions and expenditures to the committee. The new provisions on affiliation of delegate committees also resolve some of the commenter's concerns.

Section 110.14(e) Expenditures by a delegate to advocate only his or her selection.

New paragraph (e) follows current § 110.14(d) regarding expenditures by delegates to advocate only their own selection. This provision has been reorganized for clarity, but contains no substantive changes.

Section 110.14(f) Expenditures by a delegate referring to a candidate for public office.

New § 110.14(f) governs delegate expenditures for communications which advocate the delegate's selection and which also include information on or reference to a candidate for public office, including a Presidential candidate. The new provisions concerning such "dual purpose" expenditures are based on current § 110.14(d)(2), although they have been revised in several respects. First, the "dual purpose" expenditure provisions have been reorganized into two separate paragraphs. New § 110.14(f) governs dual purpose expenditures made by individual delegates, and the corresponding provisions for delegate committees are located in new § 110.14(i). Second, the new regulations apply to references to candidates for any public office, not just references to Presidential candidates. This revision recognizes that delegates and delegate committees may wish to mention federal, state or local candidates in their campaign materials. Although the Commission considered more fundamental changes to these provisions, it decided to continue the overall approach taken in the current rules. None of the public comments addressed the possible changes to these regulations put forth by the Commission.

Paragraph (f)(1) generally follows current § 110.14(d)(2)(i) with regard to "dual purpose" expenditures that are made in connection with volunteer activities. Such expenditures are neither contributions subject to the § 110.1 contribution limits, nor subject to the § 110.8 spending limits for Presidential candidates, provided that two conditions are satisfied. The materials must be used in connection with volunteer activity, and the expenditures cannot be made for general public communications or political advertising. This provision is based on the so-called "coattail" exemption from the definition of contribution in 2 U.S.C. 431(8)(B)(xi). This exemption applies to delegate expenditures because it applies to

payments by candidates for public office. Although delegates are not candidates for federal office under the Act, they may be considered candidates for public office. As the Commission has stated previously, this exemption is intended to encourage volunteer activity in the delegate selection process and to permit delegates to campaign as part of a team. Explanation and Justification for 11 CFR 110.14, 45 FR 34865, 34867 (May 23, 1980); *See also* 125 Cong. Rec. H23815 (Sept. 10, 1979) (statement of Rep. Frenzel).

Paragraph (f)(2) governs "dual purpose" expenditures by delegates involving the use of general public political advertising, such as broadcasting, newspapers, magazines, billboards and direct mail. This provision has been slightly revised from current § 110.14(d)(2)(ii) for clarity, but has not been changed substantively. Thus, this paragraph applies the standards established by the FECA at 2 U.S.C. 431 (8) and (17) to determine whether such expenditures by individual delegates are in-kind contributions or independent expenditures for the candidates referred to in the communications. As in-kind contributions, such delegate expenditures are subject to the contribution limits of 11 CFR 110.1 and the Presidential candidate's spending limits under 11 CFR 110.8. Although individual delegates do not have to report making such in-kind contributions, the recipient candidate's committee does incur reporting obligations. On the other hand, if the delegate's expenditures qualify as independent expenditures, they are not subject to limitation in amount, but they must be made and reported in accordance with the requirements of 11 CFR Part 109.

Paragraph (f)(3), which is based upon the provisions of current § 110.14(d)(2)(ii)(A)(*2*), addresses delegate expenditures for the purpose of disseminating, distributing or republishing a candidate's campaign materials. It has been amended in two respects. First, the wording of this provision has been revised to recognize that delegates might wish to republish materials produced by federal candidates other than Presidential candidates. Second, the new language clarifies that such expenditures are in-kind contributions subject to the contribution limits and reportable by the federal candidate whose material is used. The new provision follows the current rule by not requiring such expenditures to be charged against a publicly financed Presidential candidate's spending limits unless they were made with the cooperation or prior consent of, or in consultation with, or at the request or suggestion of the candidate or his or her campaign committee.

New § 110.14(f)(4) follows current § 110.14(d)(2)(ii)(D) in defining the term "direct mail" for the purposes of the delegate selection regulations.

Section 110.14(g) Contributions made to and by a delegate committee.

New § 110.14(g) follows current § 110.14(d) in applying the contribution limitations and reporting requirements of the Act to contributions made and received by delegate committees. The Commission has reorganized this provision, but has made no substantive revisions. Thus, contributions received from a Presidential candidate's campaign committee will count against that candidate's spending limits under 11 CFR 110.8 if the candidate elects to receive public financing.

Section 110.14(h) Expenditures by a delegate committee to advocate only the selection of one or more delegates.

The Commission has added new § 110.14(h) to the regulations to provide a more complete explanation of how the contribution and expenditure limits apply to delegate committee expenditures that advocate only the selection of one or more delegates. This provision, which generally follows new § 110.14(e), states that such expenditures are not considered to be contributions to any candidate, and are not subject to the § 110.1 contribution limits. Similarly, they are not chargeable to the expenditure limits of any Presidential candidate under § 110.8(a). Finally, new paragraph (h) continues the current requirement that delegate committees must report these expenditures in accordance with 11 CFR Part 104.

Section 110.14(i) Expenditures by a delegate committee referring to a candidate for public office.

New § 110.14(i) has been added to the delegate selection regulations to provide an explicit statement concerning expenditures by delegate committees for communications which advocate the selection of one or more delegates and which also include information on or reference to a candidate for public office, including a Presidential candidate. This provision parallels new § 110.14(f), which governs "dual purpose" expenditures made by individual delegates. New paragraph (i) was included in response to questions that were raised during the 1984 Presidential election cycle as to whether the "dual purpose" expenditure provision (current § 110.14(d)(2)) applied only to individual delegates, or to delegate committees as well. *See* MURs 1667 and 1704 (1984). The Commission has previously stated that the "dual purpose" expenditure rules apply to delegates who form political committees. *See* AO 1980–5. Moreover, current paragraph (d)(2) contains parentheticals indicating that delegate committees must report such expenditures. Thus, new § 110.14(i) represents a continuation of the Commission's previous approach with regard to delegate committee expenditures.

New § 110.14(i)(1) generally follows revised § 110.14(f)(1) by explaining when "dual purpose" expenditures by delegate committees made in connection with volunteer activities are not treated as contributions to the federal candidates mentioned. However, delegate committees must report such expenditures, although individual delegates need not do so.

"Dual purpose" expenditures by delegate committees for general public communications or political advertising are covered in new § 110.14(i)(2). This provision generally follows new § 110.14(f)(2) and the current rules in setting forth the conditions under which such "dual purpose" expenditures must be treated as in-kind contributions to or independent expenditures on behalf of the candidates mentioned.

During this rulemaking, the Commission considered alternatives to the current requirement that delegate committee expenditures for general public political advertising be allocated between the delegates and the candidates mentioned. One possibility was to not allow allocation, and to treat the entire expenditure as an in-kind contribution or independent expenditure for the candidate named. The opposite approach would be to eliminate the need for allocation by considering the entire expenditure to be solely for the purpose of influencing the selection of the delegates mentioned. The Commission has decided to reject both of these alternatives, and to reaffirm the current approach requiring allocation. The FECA establishes standards as to what is considered an in-kind contribution and what is an independent expenditure. 2 U.S.C. 431 (8) and (17). Those standards apply to disbursements by delegate committees in precisely the same way that they apply to disbursements made by other persons and political committees. Consequently, the Commission's regulations must

continue to apply these standards to delegate committees.

The Commission notes that in allocating "dual purpose" expenditures under § 110.14(i)(2), delegate committees should be guided by the general principles set out in the allocation regulations at 11 CFR Part 106. Thus, the amount to be attributed to each delegate or candidate should reflect the benefit reasonably expected to be derived. 11 CFR 106.1(a). This can be based on readily apparent factors such as the number of candidates mentioned and the amount of space or time accorded to each.

Paragraph (i)(3) addresses expenditures by delegate committees to disseminate, distribute or republish a candidate's campaign materials. It follows new § 110.14(f)(3), except that delegate committees must report such expenditures in the same manner as they report other types of expenditures.

New § 110.14(i)(4), which explains what is meant by the term "direct mail," follows new § 110.14(f)(4).

Section 110.14(j) Affiliation of a delegate committee with a Presidential candidate's authorized committee.

The Commission has added new § 110.14(j) to provide guidance as to when a delegate committee will be considered affiliated with the authorized committee of the Presidential candidate it supports. Paragraph (j)(1) states that these two committees are affiliated if they are established, financed, maintained or controlled by the same person, such as the Presidential candidate, or the same group of persons. Paragraph (j)(2) sets forth a list of factors that the Commission may consider in making affiliation determinations. These provisions implement the statutory requirement that, for purposes of the contribution limitations, all political committees established, financed, maintained or controlled by the same person or group of persons be treated as a single political committee. 2 U.S.C. 441a(a)(5).

The Notice of Proposed Rulemaking indicated that questions arose during the 1984 Presidential election cycle concerning possible affiliation between delegate committees and a Presidential candidate's authorized committee. *See* Matters Under Review 1667 and 1704 (1984). Specifically, the Notice sought comment as to when the relationship between two such committees is sufficiently close that they must be treated as affiliated under the Act. The Commission also posed the question as to what circumstances should cause the committees to be considered affiliated *per se*, and what circumstances should raise a presumption of affiliation. Comments were also requested as to the types of interactions that demonstrate common establishment, financing, maintenance or control.

One comment was received on these issues. The commenter took the position that delegate committees and Presidential campaign committees should be affiliated *per se* if any delegate associated with the delegate committee is formally authorized by the Presidential candidate or runs on the ballot as committed to that candidate. The commenting organization advocated a case-by-case approach for delegate committees consisting solely of uncommitted delegates, and submitted a list of proposed factors that it felt are particularly significant in this regard. The commenter urged the Commission to adopt this approach to prevent circumvention of the contribution and expenditure limits.

The Commission has evaluated the affiliation issues in light of the public comment and the Commission's previous advisory opinions and compliance matters, particularly MURs 1667 and 1704, and has decided that a *per se* rule would not be advisable. Although a *per se* approach would eliminate the need for extensive and intrusive investigations, one problem is that it would not give the Commission sufficient flexibility to examine these situations on a case-by-case basis. Nevertheless, Presidential campaigns and prospective delegates need guidance as to whether specific actions will jeopardize their nonaffiliated status. Accordingly, the Commission is including in the new rules a set of indicia of affiliation to be applied in examining the relationship between delegate committees and Presidential campaign committees.

The indicia focus on several pertinent factors that the Commission has considered in other situations involving delegate committees. These include: Common or overlapping staff; direct and indirect financing of the delegate committee; providing other goods or services, including a mailing list; and directing or organizing the specific campaign activities to be undertaken by the delegate committee. In general, the presence of any particular factor or factors will not automatically result in a finding of affiliation. However, the presence of these factors and the extent to which the committees engage in such activities may be considered by the Commission in making its determination and can increase the likelihood that the committees will be deemed affiliated.

There are several consequences resulting from a finding of affiliation between a delegate committee and a Presidential campaign committee. First, the two affiliated committees share a single contribution limit with regard to all contributions they make or receive. This means that individual contributions to the delegate committee must be aggregated with any contributions made by those individuals to the candidate's campaign committee for that election. Such aggregation serves to further the goal of minimizing "the adverse impact on the statutory scheme caused by political committees that appear to be separate entities pursuing their own ends, but are actually a means for advancing a candidate's campaign." H.R. Rep. No. 94–1057, 94th Cong., 2d Sess. 57–58 (1976). It is also supported by the statutory requirement that "all contributions made by a person, either directly or indirectly, on behalf of a particular candidate . . . shall be treated as contributions from such person to such candidate." 2 U.S.C. 441a(a)(8).

Another consequence of affiliation is that there is no limit on the amount of funds that may be transferred between the two affiliated committees. 11 CFR 102.6(a). The amount transferred from a Presidential candidate's authorized committee to an affiliated delegate committee is not treated as a contribution to that delegate committee or as an expenditure by the Presidential committee.[1] Consequently, the transfer, itself, is not subject to the contribution limits set forth in § 110.1 and § 110.2, and does not trigger the expenditure limits of § 110.8. However, all of the delegate committee's expenditures, including expenditures made from the funds transferred, automatically count against the Presidential candidate's spending limits, as a result of affiliation.

Finally, it is impossible for a delegate committee affiliated with a Presidential campaign committee to make independent expenditures on behalf of the Presidential candidate.

Section 110.14(k) Affiliation between delegate committees.

New § 110.14(k) has been added to the delegate regulations to address affiliation between different delegate committees. It states that the criteria for affiliation set out at 11 CFR 100.5(g) will be applied to determine whether delegate committees are affiliated with each other. Under § 100.5(g)(2), delegate committees are affiliated if they are

[1] The disbursement should be reported as a transfer to an affiliated committee and not as a contribution or expenditure. The recipient committee should also report receipt of the transfer. *See* 11 CFR 104.3(a)(2)(v).

established, financed, maintained or controlled by the same corporation, labor organization, person or group of persons, including any parent, subsidiary, branch, division, department or local unit thereof. The indicia of affiliation set out at § 100.5(g)(2)(ii) will be used to ascertain whether the delegate committees are commonly established, financed, maintained or controlled.

If the Commission finds that two or more delegate committees are affiliated, the committees will share a single contribution limit for all contributions made or received. This means that they must aggregate contributions received from the same contributor. In addition, the affiliated delegate committees must aggregate the contributions they make to the same candidate or political committee, including any expenditures that qualify as in-kind contributions to such candidate. Finally, affiliated delegate committees must file separate financial disclosure reports under Part 104, and must list affiliated committees on their statements of organization. *See* 11 CFR 102.2.

Conforming Amendments

In addition to the foregoing revisions to 11 CFR 110.14, several additional amendments have been made to other sections of the Commission's regulations for clarification and to make those sections consistent with the new language of 11 CFR 110.14. The revisions are located in 11 CFR 100.5(e), 110.1 and 110.2. The Commission received no public comments on these changes.

Section 100.5 Political committee.

The definition of "delegate committee" in § 100.5(e)(5) has been revised to follow the definition in new § 110.14(b)(2).

Section 110.1 Contributions by persons other than multicandidate political committees.

New paragraph (m) has been added to § 110.1 to provide that the contribution limits set forth in that section do not apply to contributions made to an individual delegate, but are applicable to contributions given to a delegate committee. The new language is consistent with current § 110.14 (c) and (e) and new § 110.14 (d)(1) and (g)(1), and does not represent a substantive change in this area.

Section 110.2 Contributions by multicandidate political committees.

There are no substantive changes in this section. However, new paragraph (j) has been added to state that the § 110.2 limits on contributions by multicandidate committees do not apply to funds given to an individual delegate, but are applicable to contributions made to a delegate committee. This provision follows new § 110.1(m) and is consistent with both current and new § 110.14.

List of Subjects

11 CFR Part 100

Campaign funds, Elections.

11 CFR Part 110

Campaign funds, Elections, Political candidates, Political committees and parties.

For the reasons set out in the preamble, Subchapter A, Chapter I of Title 11, Code of Federal Regulations is amended as follows:

PART 100—SCOPE AND DEFINITIONS (2 U.S.C. 431)

1. The authority citation for Part 100 continues to read as follows:

Authority: 2 U.S.C. 431, 438(a)(8).

2. 11 CFR Part 100 is amended by revising § 100.5(e)(5) to read as follows:

§ 100.5 Political committee (2 U.S.C. 431 (4), (5), (6)).

* * * * *

(e) * * *

(5) *Delegate committee.* A delegate committee is a group of persons that receives contributions or makes expenditures for the sole purpose of influencing the selection of one or more delegates to a national nominating convention. The term "delegate committee" includes a group of delegates, a group of individuals seeking selection as delegates and a group of individuals supporting delegates. A delegate committee that qualifies as a political committee under 11 CFR 100.5 must register with the Commission pursuant to 11 CFR Part 102 and report its receipts and disbursements in accordance with 11 CFR Part 104. (See definition of "delegate" at 11 CFR 110.14(b)(1).)

* * * * *

PART 110—CONTRIBUTION AND EXPENDITURE LIMITATIONS AND PROHIBITIONS

3. The authority citation for Part 110 continues to read as follows:

Authority: 2 U.S.C. 431(8), 431(9), 432(c)(2), 437d(a)(8), 438(a)(8), 441a, 441b, 441d, 441e, 441f, 441g, 441h, and 441i.

4. Section 110.1 is amended by adding paragraph (m) to read as follows:

§ 110.1 Contributions by persons other than multicandidate political committees (2 U.S.C. 441a(a)(1)).

* * * * *

(m) *Contributions to delegates and delegate committees.* (1) Contributions to delegates for the purpose of furthering their selection under 11 CFR 110.14 are not subject to the limitations of this section.

(2) Contributions to delegate committees under 11 CFR 110.14 are subject to the limitations of this section.

5. Section 110.2 is amended by adding paragraph (j) to read as follows:

§ 110.2 Contributions by multicandidate political committees (2 U.S.C. 441a(a)(2)).

* * * * *

(j) *Contributions to delegates and delegate committees.* (1) Contributions to delegates for the purpose of furthering their selection under 11 CFR 110.14 are not subject to the limitations of this section.

(2) Contributions to delegate committees under 11 CFR 110.14 are subject to the limitations of this section.

6. Section 110.14 is revised to read as follows:

§ 110.14 Contributions to and expenditures by delegates and delegate committees.

(a) *Scope.* This section sets forth the prohibitions, limitations and reporting requirements under the Act applicable to all levels of a delegate selection process.

(b) Definitions—(1) *Delegate.* Delegate means an individual who becomes or seeks to become a delegate, as defined by State law or party rule, to a national nominating convention or to a State, district, or local convention, caucus or primary that is held to select delegates to a national nominating convention.

(2) *Delegate committee.* A delegate committee is a group of persons that receives contributions or makes expenditures for the sole purpose of influencing the selection of one or more delegates to a national nominating convention. The term "delegate committee" includes a group of delegates, a group of individuals seeking selection as delegates and a group of individuals supporting delegates. A delegate committee that qualifies as a political committee under 11 CFR 100.5 must register with the Commission pursuant to 11 CFR Part 102 and report its receipts and disbursements in accordance with 11 CFR Part 104.

(c) *Funds received and expended; Prohibited funds.* (1) Funds received or disbursements made for the purpose of furthering the selection of a delegate to

a national nominating convention are contributions or expenditures for the purpose of influencing a federal election, see 11 CFR 100.2 (c)(3) and (e), except that—

(i) Payments made by an individual to a State committee or subordinate State committee as a condition for ballot access as a delegate are not contributions or expenditures. Such payments are neither required to be reported under 11 CFR Part 104 nor subject to limitation under 11 CFR 110.1; and

(ii) Payments made by a State committee or subordinate State party committee for administrative expenses incurred in connection with sponsoring conventions or caucuses during which delegates to a national nominating convention are selected are not contributions or expenditures. Such payments are neither required to be reported under 11 CFR Part 104 nor subject to limitation under 11 CFR 110.1 and 110.2.

(2) All funds received or disbursements made for the purpose of furthering the selection of a delegate to a national nominating convention, including payments made under paragraphs (c)(1)(i) and (c)(1)(ii) of this section, shall be made from funds permissible under the Act. *See* 11 CFR Parts 110, 114 and 115.

(d) *Contributions to a delegate.* (1) The limitations on contributions to candidates and political committees under 11 CFR 110.1 and 110.2 do not apply to contributions made to a delegate for the purpose of furthering his or her selection; however, such contributions do count against the limitation on contributions made by an individual in a calendar year under 11 CFR 110.5.

(2) Contributions to a delegate made by the authorized committee of a presidential candidate count against the presidential candidate's expenditure limitation under 11 CFR 110.8(a).

(3) A delegate is not required to report contributions received for the purpose of furthering his or her selection.

(e) *Expenditures by delegate to advocate only his or her selection.* (1) Expenditures by a delegate that advocate only his or her selection are neither contributions to a candidate, subject to limitation under 11 CFR 110.1, nor chargeable to the expenditure limits of any Presidential candidate under 11 CFR 110.8(a). Such expenditures may include, but are not limited to: Payments for travel and subsistence during the delegate selection process, including the national nominating convention, and payments for any communications advocating only the delegate's selection.

(2) A delegate is not required to report expenditures made to advocate only his or her selection.

(f) *Expenditures by a delegate referring to a candidate for public office*—(1) *Volunteer activities that do not use public political advertising.* (i) Expenditures by a delegate to defray the costs of certain campaign materials (such as pins, bumper stickers, handbills, brochures, posters and yard signs) that advocate his or her selection and also include information on or reference to a candidate for the office of President or any other public office are neither contributions to the candidate referred to nor subject to limitation under 11 CFR 110.1 provided that:

(A) The materials are used in connection with volunteer activities; and

(B) The expenditures are not for costs incurred in the use of broadcasting, newspapers, magazines, billboards, direct mail or similar types of general public communication or political advertising.

(ii) Such expenditures are not chargeable to the expenditure limitation of a presidential candidate under 11 CFR 110.8(a).

(iii) A delegate is not required to report expenditures made pursuant to this paragraph.

(2) *Use of public political advertising.* A delegate may make expenditures to defray costs incurred in the use of broadcasting, newspapers, magazines, billboards, direct mail or similar types of general public communication or political advertising to advocate his or her selection and also include information on or reference to a candidate for the office of President or any other public office.

(i) Such expenditures are in-kind contributions to a Federal candidate if they are made in cooperation, consultation or concert with, or at the request or suggestion of, the candidate, his or her authorized political committee(s), or their agents. *See* 11 CFR 100.7(a)(iii)(A); 2 U.S.C. 441a(a)(7)(B).

(A) The portion of the expenditure allocable to a Federal candidate is subject to the contribution limitations of 11 CFR 110.1.

(B) A Federal candidate's authorized committee must report the portion of the expenditure allocable to the candidate as a contribution pursuant to 11 CFR Part 104.

(C) The portion of the expenditure allocable to a presidential candidate is chargeable to the presidential candidate's expenditure limitation under 11 CFR 110.8(a).

(ii) Such expenditures are independent expenditures under 11 CFR Part 109 if they are made for a communication expressly advocating the election or defeat of a clearly identified Federal candidate that is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, the candidate or any agent or authorized committee of such candidate.

(A) Such independent expenditures must be made in accordance with the requirements of 11 CFR Part 109.

(B) The delegate shall report the portion of the expenditure allocable to the Federal candidate as an independent expenditure in accordance with 11 CFR 109.2.

(3) *Republication of candidate materials.* Expenditures made to finance the dissemination, distribution or republication, in whole or in part, of any broadcast or materials prepared by a Federal candidate are in-kind contributions to the candidate.

(i) Such expenditures are subject to the contribution limits of 11 CFR 110.1.

(ii) The Federal candidate must report the expenditure as a contribution pursuant to 11 CFR Part 104.

(iii) Such expenditures are not chargeable to the presidential candidate's expenditure limitation under 11 CFR 110.8 unless they were made with the cooperation, or with the prior consent of, or in consultation with, or at the request or suggestion of, the candidate or any agent or authorized committee of such candidate.

(4) For purposes of this paragraph, "direct mail" means any mailing(s) by commercial vendors or any mailing(s) made from lists that were not developed by the delegate.

(g) *Contributions made to and by a delegate committee.* (1) The limitations on contributions to political committees under 11 CFR 110.1 and 110.2 apply to contributions made to and by a delegate committee.

(2) Contributions to a delegate committee count against the limitation on contributions made by an individual in a calendar year under 11 CFR 110.5.

(3) A delegate committee shall report contributions it makes and receives pursuant to 11 CFR Part 104.

(h) *Expenditures by a delegate committee to advocate only the selection of one or more delegates.* (1) Expenditures by a delegate committee that advocate only the selection of one or more delegates are neither contributions to a candidate, subject to limitation under 11 CFR 110.1 nor chargeable to the expenditure limits of any Presidential candidate under 11 CFR 110.8(a). Such expenditures may include but are not limited to: Payments for

travel and subsistence during the delegate selection process, including the national nominating convention, and payments for any communications advocating only the selection of one or more delegates.

(2) A delegate committee shall report expenditures made pursuant to this paragraph.

(i) *Expenditures by a delegate committee referring to a candidate for public office*—(1) *Volunteer activities that do not use public political advertising.* (i) Expenditures by a delegate committee to defray the costs of certain campaign materials (such as pins, bumper stickers, handbills, brochures, posters and yard signs) that advocate the selection of a delegate and also include information on or reference to a candidate for the office of President or any other public office are neither contributions to the candidate referred to, nor subject to limitation under 11 CFR 110.1 provided that:

(A) The materials are used in connection with volunteer activities; and

(B) The expenditures are not for costs incurred in the use of broadcasting, newspapers, magazines, billboards, direct mail or similar types of general public communication or political advertising.

(ii) Such expenditures are not chargeable to the expenditure limitation of a presidential candidate under 11 CFR 110.8(a).

(iii) A delegate committee shall report expenditures made pursuant to this paragraph.

(2) *Use of public political advertising.* A delegate committee may make expenditures to defray costs incurred in the use of broadcasting, newspapers, magazines, billboards, direct mail or similar types of general public communication or political advertising to advocate the selection of one or more delegates and also include information on or reference to a candidate for the office of President or any other public office. If such expenditures are in-kind contributions or independent expenditures under paragraphs (i) or (ii) below, the delegate committee shall allocate the portion of the expenditures relating to the delegate(s) and candidate(s) referred to in the communications between them and report the portion allocable to each.

(i) Such expenditures are in-kind contributions to a Federal candidate if they are made in cooperation, consultation or concert with or at the request or suggestion of the candidate, his or her authorized political committee(s), or their agents.

(A) The portion of the expenditure allocable to a Federal candidate is subject to the contribution limitations of 11 CFR 110.1. The delegate committee shall report the portion allocable to the Federal candidate as a contribution in-kind.

(B) The Federal candidate's authorized committee shall report the portion of the expenditure allocable to the candidate as a contribution pursuant to 11 CFR Part 104.

(C) The portion of the expenditure allocable to a presidential candidate is chargeable to the presidential candidate's expenditure limitation under 11 CFR 110.8(a).

(ii) Such expenditures are independent expenditures under 11 CFR Part 109 if they are made for a communication expressly advocating the election or defeat of a clearly identified Federal candidate that is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, the candidate or any agent or authorized committee of such candidate.

(A) Such independent expenditures must be made in accordance with the requirements of 11 CFR Part 109.

(B) The delegate committee shall report the portion of the expenditure allocable to the Federal candidate as an independent expenditure in accordance with 11 CFR 109.2.

(3) *Republication of candidate materials.* Expenditures made to finance the dissemination, distribution or republication, in whole or in part, of any broadcast or materials prepared by a Federal candidate are in-kind contributions to the candidate.

(i) Such expenditures are subject to the contribution limitations of 11 CFR 110.1. The delegate committee shall report the expenditure as a contribution in-kind.

(ii) The Federal candidate's authorized committee shall report the expenditure as a contribution pursuant to 11 CFR Part 104.

(iii) Such expenditures are not chargeable to the presidential candidate's expenditure limitation under 11 CFR 110.8 unless they were made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, the candidate or any agent or authorized committee of such candidate.

(4) For purposes of this paragraph, "direct mail" means any mailing(s) by commercial vendors or any mailing(s) made from lists that were not developed by the delegate committee or any participating delegate.

(j) *Affiliation of delegate committees with a Presidential candidate's authorized committee.* (1) For purposes of the contribution limits of 11 CFR 110.1 and 110.2, a delegate committee shall be considered to be affiliated with a Presidential candidate's authorized committee if both such committees are established, financed, maintained or controlled by the same person, such as the Presidential candidate, or the same group of persons.

(2) Factors the Commission may consider in determining whether a delegate committee is affiliated under paragraph (j)(1) of this section with a Presidential candidate's authorized committee may include, but are not limited to:

(i) Whether the Presidential candidate or any other person associated with the Presidential authorized committee played a significant role in the formation of the delegate committee;

(ii) Whether any delegate associated with a delegate committee is or has been a staff member of the Presidential authorized committee;

(iii) Whether the committees have common or overlapping officers or employees;

(iv) Whether the Presidential authorized committee provides funds or goods in a significant amount or on an ongoing basis to the delegate committee, such as through direct or indirect payments for administrative, fundraising, or other costs, but not including the transfer to a committee of its allocated share of proceeds jointly raised pursuant to 11 CFR 102.17 or 9034.8;

(v) Whether the Presidential candidate or any other person associated with the Presidential authorized committee suggested, recommended or arranged for contributions to be made to the delegate committee;

(vi) Similar patterns of contributions received by the committees;

(vii) Whether one committee provides a mailing list to the other committee;

(viii) Whether the Presidential authorized committee or any person associated with that committee provides ongoing administrative support to the other committee;

(ix) Whether the Presidential authorized committee or any person associated with that committee directs or organizes the specific campaign activities of the delegate committee; and

(x) Whether the Presidential authorized committee or any person associated with that committee files statements or reports on behalf of the delegate committee.

(k) *Affiliation between delegate committees.* Delegate committees will be considered to be affiliated with each

other if they meet the criteria for affiliation set forth at 11 CFR 100.5(g).

Scott E. Thomas,

Chairman, Federal Election Commission.

Dated: September 17, 1987.

[FR Doc. 87-21788 Filed 9-21-87; 8:45 am]

BILLING CODE 6715-01-M

FEDERAL RESERVE SYSTEM

12 CFR Part 202

[Reg. B; Docket No. R-0580]

Equal Credit Opportunity; Determination of Effect of State Laws (Wisconsin)

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Preemption determination.

SUMMARY: The Board is publishing in final form a determination as to whether certain provisions in the Family Code of Wisconsin are inconsistent with the Equal Credit Opportunity Act (ECOA) or Regulation B and therefore preempted. The Board has made a determination not to preempt any of the provisions in question.

EFFECTIVE DATE: November 1, 1987.

FOR FURTHER INFORMATION CONTACT: Kathleen S. Brueger, Attorney, Division of Consumer and Community Affairs, at (202) 452-2412 (for TDD users only, Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf, at (202) 452-3544), Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

(1) *General.*

Section 705(f) of the ECOA authorizes the Board to determine whether an inconsistency exists between a provision of the act and a state law relating to credit discrimination. If, in addition to being inconsistent, a state law provides no greater protection for credit applicants than does the federal law, the state law is preempted to the extent of the inconsistency, and creditors in that state may not follow the inconsistent state requirement. In addition, section 705(b) of the ECOA provides that consideration or application of state property laws directly or indirectly affecting creditworthiness do not constitute discrimination under the act.

This determination regarding Wisconsin law is issued under authority delegated to the Director of the Division of Consumer and Community Affairs, as set forth in the Board's Rules Regarding Delegation of Authority (12 CFR Part 265).

(2) *Discussion of Wisconsin law and final determination.*

The Board examined Wisconsin Statutes §§ 766.56(3)(b), 766.565(5), and 766.56(2)(d) to determine whether requirements imposed by these sections are inconsistent with the ECOA or the Board's Regulation B, which implements the act. On October 6, 1986, the Board published a preliminary determination (51 FR 35521). In that notice, the Board proposed to preempt a portion of § 766.565(5), specifically, the requirement that creditors terminate certain accounts in response to a unilateral request to do so from a nonapplicant spouse. The Board proposed not to preempt §§ 766.56(3)(b) or 766.56(2)(d), dealing with marital status and other inquiries, as no inconsistency was found between these sections and the federal law. Ten comments were received in response to the proposed determination.

After analysis and review, the Board has determined that Wisconsin may properly be viewed as a community property state for Regulation B purposes. This determination takes into account the presumption (established by the Wisconsin statute) that all property acquired and all debts incurred during the marriage are community debts, as well as the stated legislative intent that marital property is a form of community property. Therefore, the marital status inquiries allowed under § 766.56(2)(d) and the inquiry as to marital status and name and address of the spouse required under § 766.56(3)(b) are not in conflict with the federal act or regulation. In a community property state it is permissible for creditors to obtain information about the nonapplicant spouse under § 202.5(c)(2)(iv) of Regulation B, and to ask about marital status under § 202.5(d)(1).

The Board also considered whether the language of § 766.56(2)(d) to the effect that a creditor may inquire whether the applicant is "married, unmarried or separated, under a decree of legal separation," is inconsistent with the federal law. At issue is the use of the words "under a decree of legal separation," since the federal law prescribes that only the terms "married," "unmarried," and "separated" are to be used in any inquiry into marital status. The Board has concluded that the language in § 766.56(2)(d) is not mandatory and only clarifies the nature of the permissible inquiry. Under §§ 202.5(d) and 202.2(u) of Regulation B, creditors may explain to applicants the state law meaning of the terms "married," "unmarried," or "separated." Thus, no conflict exists between § 766.56(2)(d) of the Wisconsin law and § 202.5(d)(1) of Regulation B.

Finally, the Board considered an inconsistency between § 766.565(5) of the Wisconsin law and § 202.7(a) of Regulation B. Section 202.7(a) prohibits creditors from refusing to grant an individual account to a creditworthy applicant on the basis of marital status. Under § 766.565(5), a nonapplicant spouse is able unilaterally to terminate an account, leaving the applicant (who already has been found creditworthy) unable to maintain an open-end account with that creditor. The applicant may also be precluded from obtaining an account in the future from that creditor, since the creditor may consider a prior termination by the spouse in the evaluation process and may refuse on that basis to open a new account for the applicant.

While a clear inconsistency exists between the state law and the federal, the Board has made a determination not to preempt the state law. This determination is based on § 705(b) of the ECOA and implementing § 202.6(c) of Regulation B, which allow creditors to take into account state property laws that directly or indirectly affect creditworthiness. Although the Board believes that a strong legal argument can be made that § 766.565(5) primarily governs the extension of credit and the relationship between the creditor and the nonapplicant spouse, the Board has concluded after lengthy analysis that an equally valid basis exists for finding that § 766.565(5) governs the exercise of a property right since it establishes a nonapplicant spouse's authority over marital property in which he or she has or will have an ownership interest. For example, the right to terminate an open-end account, created by § 766.565(5), provides a mechanism by which the nonapplicant spouse can limit the availability of his or her interest in marital property for debts incurred under the open-end credit plan granted to the applicant spouse. Consequently, the Board has determined that § 766.565(5) is entitled to deference under § 705(b) of the ECOA and § 202.6(c) of Regulation B, and is not preempted by the act or the regulation.

List of Subjects in 12 CFR Part 202

Banks, Banking, Civil rights, Consumer protection, Credit, Federal Reserve System, Marital status discrimination, Minority groups, Penalties, Sex discrimination, Women.

Board of Governors of the Federal Reserve System.

William W. Wiles,

Secretary of the Board.

September 16, 1987.

[FR Doc. 87-21760 Filed 9-21-87; 8:45 am]

BILLING CODE 6210-01-M

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

14 CFR Part 1204

Administrative Authority and Policy

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: NASA is amending 14 CFR Part 1204 by adding § 1204.509, "Delegation of Authority—To Take Actions Regarding "Liquidated Damage" Assessments Under the Contract Work Hours and Safety Standards Act, and Associated Labor Statutes." This delegates responsibility and authority to the Director, Industrial Relations Office, to act for the Administrator in all matters where the "Agency Head" is authorized to act under 29 CFR Part 5 in matters regarding the assessment of liquidated damages.

EFFECTIVE DATE: September 22, 1987.

ADDRESS: Director, Industrial Relations Office, Code NR, NASA Headquarters, Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Gordon K. Gilson (202) 453-2882.

SUPPLEMENTARY INFORMATION: Since this delegation involves administrative management decisions, no public comment period is required.

The National Aeronautics and Space Administration has determined that:

1. This rule is not subject to the requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 through 612, since it will not exert a significant economic impact on a substantial number of small entities.

2. This rule is not a major rule as defined in Executive Order 12291.

List of Subjects in 14 CFR Part 1204

Airports, Authority delegations (Government agencies), Federal buildings and facilities, Government contacts, Government employees, Government procurement, Grants programs science and technology, Intergovernmental regulations, Labor unions, Security measures, Liquidated damages, Labor standards, Small businesses.

For reasons set forth in the Preamble, 14 CFR Part 1204 is amended as follows:

PART 1204—[AMENDED]

1. The authority citation for 14 CFR Part 1204 Subpart 5 continues to read as follows:

Authority: 42 U.S.C. 2473.

2. Section 1204.509 is added to read as follows:

§ 1204.509 Delegation of authority to take action regarding "liquidated damage" assessments under the Contract Work Hours and Safety Standards Act, and associated labor statutes.

(a) *Delegation of authority.* The Director, Industrial Relations Office, is hereby delegated the authority to act for the Administrator in all matters where the "Agency Head" is authorized to act under 29 CFR Part 5, labor standards provisions applicable to contracts covering federally financed and assisted construction and labor standards provisions applicable to nonconstruction contracts as they are subject to the Conract Work Hours and Safety Standards Act, in regards to the assessment of liquidated damages.

(b) *Redelegation.* None authorized except by virtue of succession.

(c) *Reporting.* The official to whom authority is delegated in this regulation will assure that feedback is provided to keep the Administrator informed of significant actions, problems, or other matters of substance related to the exercise of the authority delegated hereunder.

James C. Fletcher,

Administrator.

[FR Doc. 87-21757 Filed 9-21-87; 8:45 am]

BILLING CODE 7510-01-M

DEPARTMENT OF COMMERCE

International Trade Administration

15 CFR Part 399

[Docket No. 70610-7110]

Revision of Validated License Controls on Controllable Pitch Propellers

AGENCY: Export Administration, International Trade Administration, Commerce.

ACTION: Final rule.

SUMMARY: Export Administration maintains the Commodity Control List (CCL), which identifies those items subject to Department of Commerce export controls.

This rule amends the validated export license controls on certain controllable pitch propellers described in paragraph (e)(2) of the "List of Equipment Controlled by ECCN 1416A" in ECCN 1416A on the CCL (Supplement No. 1 to § 399.1). This action is in accordance with a finding of foreign availability under section 5(f) of the Export Administration Act of 1979, as amended. Controllable pitch propellers rated at 40,000 hp capacity and below (controlled under ECCN 1416A on the CCL) now require a validated license for export only to destinations in Country Groups Q, S, W, Y, and Z, the People's Republic of China, and Afghanistan for national security reasons.

Notice of the foreign availability determination on this equipment has been published previously (52 FR 34976, Sept. 16, 1987).

EFFECTIVE DATE: September 22, 1987.

FOR FURTHER INFORMATION CONTACT: Donald J. Brychczynski, Office of Foreign Availability, Department of Commerce, Washington, DC 20230, Telephone: (202) 377-3564.

SUPPLEMENTARY INFORMATION:

Rulemaking Requirements

1. Because this rule concerns a foreign and military affairs function of the United States, it is not a rule or regulation within the meaning of section 1(a) of Executive Order 12291, and it is not subject to the requirements of that Order. Accordingly, no preliminary or final Regulatory Impact Analysis has to be or will be prepared.

2. Section 13(a) of the Export Administration Act of 1979, as amended (50 U.S.C. app. 2412(a)), exempts this rule from all requirements of section 553 of the Administrative Procedure Act (APA) (5 U.S.C. 553), including those requiring publication of a notice of proposed rulemaking, an opportunity for public comment, and a delay in effective date. This rule is also exempt from these APA requirements because it involves a foreign and military affairs function of the United States. Further, no other law requires that notice of proposed rulemaking and an opportunity for public comment be given for this rule. Accordingly, it is being issued in final form. However, as with other Department of Commerce rules, comments from the public are always welcome. Written comments (six copies) should be submitted to: Joan Maguire, Regulations Branch, Export Administration, Department of Commerce, P.O. Box 273, Washington, DC 20044.

3. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by section 553 of the Administrative Procedure Act (5 U.S.C. 553), or by any other law, under sections

603(a) and 604(a) of the Regulatory Flexibility Act (5 U.S.C. 603(a) and 604(a)) no initial or final Regulatory Flexibility Analysis has to be or will be prepared.

4. This rule involves a collection of information that is subject to the requirements of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*). This collection has been approved by the Office of Management and Budget under control number 0625–0001.

List of Subjects in 15 CFR Part 399

Exports, Reporting and recordkeeping requirements.

Accordingly, Part 399 of the Export Administration Regulations (15 CFR Parts 368–399) is amended as follows:

PART 399—[AMENDED]

1. The authority citation for Part 399 continues to read as follows:

Authority: Pub. L. 96–72, 93 Stat. 503 (50 U.S.C. app. 2401 *et seq.*), as amended by Pub. L. 97–145 of December 29, 1981, and by Pub. L. 99–64 of July 12, 1985; E.O. 12525 of July 12, 1985 (50 FR 28757, July 16, 1985); Pub. L. 95–223 of December 28, 1977 (50 U.S.C. 1701 *et seq.*); E.O. 12532 of September 9, 1985 (50 FR 36861, September 10, 1985) as affected by notice of September 4, 1986 (51 FR 31925, September 8, 1986); Pub. L. 99–440 (October 2, 1986) (22 U.S.C. 5001 *et seq.*); and E.O. 12571, October 27, 1986 (51 FR 39505, October 29, 1986).

Supplement No. 1 to § 399.1 [Amended]

2. In Supplement No. 1 to § 399.1 (the Commodity Control List), Commodity Group 4 (Transportation Equipment), ECCN 1416A is amended by revising the "*Validated License Required*" paragraph to read as follows:

1416A Vessels, surface-effect vehicles, water-screw propellers and hub assemblies, water-screw propeller systems, moisture and particulate separator systems and specially designed components.

Controls for ECCN 1416A

* * * * *

Validated License Required: Country Groups QSTVWYZ. Controllable pitch propellers and hub assemblies rated at greater than 20,000 hp but less than or equal to 40,000 hp require a validated license only for Country Groups QSWYZ, the People's Republic of China, and Afghanistan.

* * * * *

Dated: September 17, 1987.

Dan Hoydysh,

Acting Director, Office of Technology and Policy Analysis.

[FR Doc. 87–21809 Filed 9–21–87; 8:45 am]

BILLING CODE 3510-DT-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 2 and 284

[Docket No. RM87–34–000]

Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol

September 16, 1987.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Interim rule and statement of policy; notice of effective date.

SUMMARY: The Federal Energy Regulatory Commission gives notice that Order No. 500, issued on August 7, 1987 (52 FR 30334), became effective on September 15, 1987 upon issuance of the mandate of the United States Court of Appeals for the District of Columbia Circuit in *Associated Gas Distributors* v. *FERC*, No. 85–1811 (D.C. Cir. June 23, 1987). The Commission also amends the regulations adopted in Order No. 500 to reflect the September 15, 1987 effective date of the order. In addition, the Commission gives notice that the suspension of § 284.10 of the Commission's regulations is removed effective November 1, 1987 and all waivers of that section will terminate on the same day. Accordingly, § 284.10, as amended by Order No. 500, is effective on November 1, 1987.

EFFECTIVE DATE: Order No. 500 is effective September 15, 1987. The suspension of § 284.10 of the Commission's regulations is removed effective November 1, 1987, and waivers of that section will terminate on the same date. Accordingly, § 284.10, as amended by Order No. 500, is effective on November 1, 1987.

FOR FURTHER INFORMATION CONTACT: Richard Howe, Jr., Office of the General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426 (202) 357–8274.

SUPPLEMENTARY INFORMATION: On August 7, 1987, the Commission issued Order No. 500 responding on an interim basis to the decision of the United States Court of Appeals for the District of Columbia Circuit concerning Order No. 436 in *Associated Gas Distributors* v. *FERC*, No. 85–1811 (D.C. Cir. June 23, 1987). In Order No. 500, the Commission stated that Order No. 500 would become effective immediately upon issuance of the Court's mandate or upon leave of the Court. The Court's mandate issued on September 15, 1987. Accordingly, Order No. 500 became effective on September 15, 1987. The Commission also stated in Order No. 500 that the stay of the effectiveness of § 284.10 which the Commission issued on July 2, 1987, 52 FR 27796 (July 24, 1987), would be removed effective the first day of the second month after the effective date of Order No. 500. In addition, in a companion order to Order No. 500, issued on August 7, 1987, the Commission stated that the waivers of § 284.10(a)(1) granted individual pipelines would also terminate on the first day of the second month after the effective date of Order No. 500, *Texas Eastern Transmission Corp.*, 40 FERC ¶61,137 (Aug. 7, 1987). Therefore, the suspension of § 284.10 is removed effective November 1, 1987, and all waivers of that section will terminate on the same day. Accordingly, § 284.10, as amended by Order No. 500, is effective on November 1, 1987.

Part 2 and Part 284, Chapter I, Title 18, Code of Federal Regulations, are amended as set forth below.

Kenneth F. Plumb,

Secretary.

PART 2—GENERAL POLICY AND INTERPRETATIONS

1. The authority citation for Part 2 continues to read as follows:

Authority: Department of Energy Organization Act, 42 U.S.C. 7101–7352 (1982); E.O. 12009, 3 CFR 1978 Comp. p. 142; Federal Power Act, 16 U.S.C. 792–825r (1982); Natural Gas Act, 15 U.S.C. 717–717w (1982); Natural Gas Policy Act of 1978, 15 U.S.C. 3301–3432 (1982); Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601–2645 (1982); and the National Environmental Policy Act, 42 U.S.C. 4321–4361 (1978); unless otherwise indicated.

§ 2.104 [Amended]

2. In § 2.104(f) the phrase "on the effective date of this order [The Commission will publish a notice of the effective date as soon as leave is obtained from the Court or the mandate of the Court issues]" is removed and the date "on September 15, 1987," is inserted in its place.

PART 284—CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

3. The authority citation for Part 284 continues to read as follows:

Authority: Natural Gas Act, 15 U.S.C. 717–717w (1982), as amended; Natural Gas Policy Act of 1978, 15 U.S.C. 3301–3432 (1982); Department of Energy Organization Act, 42 U.S.C. 7101–7352 (1982); E.O. 12009, 3 CFR 1978 Comp. p. 142.

§ 284.8 [Amended]

4. In § 284.8(f)(6), the phrase "on the effective date of this rule [The Commission will publish a notice of the effective date as soon as leave is obtained from the Court or the mandate of the Court issues]," is removed and the date "on September 15, 1987," is inserted in its place, and the phrase "on the first day of the second month after the effective date of this rule" is removed and the date "on November 1, 1987," is inserted in its place.

§ 284.9 [Amended]

5. In § 284.9(f)(6), the phrase "on the effective date of this rule [The Commission will publish a notice of the effective date as soon as leave is obtained from the Court or the mandate of the Court issues]," is removed and the date "on September 15, 1987," is inserted in its place, and the phrase "on the first day of the second month after the effective date of this rule" is removed and the date "on November 1, 1987," is inserted in its place.

§ 289.10 [Amended]

6. The suspension of § 284.10 is removed effective November 1, 1987.

[FR Doc. 87-21829 Filed 9-21-87; 8:45 am]
BILLING CODE 6717-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 177

[Docket No. 86F-0437]

Indirect Food Additives; Polymers

AGENCY: Food and Drug Administration.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the food additive regulations to provide for the safe use of polyarylate resins, formed by reaction of bisphenol-A with diphenylisophthalate and diphenylterephthalate, as articles or components of articles intended for use in contact with food. This action responds to a petition filed by Celanese Engineering Resins, Inc.

DATES: Effective September 22, 1987; objections by October 22, 1987.

ADDRESS: Writen objections to the Dockets Management Branch (HFA-305), Food and Drug Administration, Room 4-62, 5600 Fishers Lane, Rockville, MD 20857.

FOR FURTHER INFORMATION CONTACT: Vir Anand, Center for Food Safety and Applied Nutrition (HFF-335), Food and Drug Administration, 200 C Street SW., Washington, DC 20204, 202-472-5690.

SUPPLEMENTARY INFORMATION: In a notice published in the **Federal Register** of December 18, 1986 (51 FR 45393), FDA announced that a petition (FAP 6B3965) had been filed by Celanese Engineering Resins, Inc., c/o 1150 17th Street NW., Washington, DC 20036, proposing that the food additive regulations be amended to provide for the safe use of polyarylate resin, a product of bisphenol-A with diphenylisophthalate and diphenylterephthalate, as articles or components of articles intended for use in contact with food.

FDA has evaluated data in the petition and other relevant material. The agency concludes that polyarylate resins are safe for use in contact with food. The agency is amending 21 CFR Part 177 by adding § 177.1555, which prescribes the conditions of use for polyarylate resins.

In accordance with § 171.1(h) (21 CFR 171.1(h)), the petition and the documents that FDA considered and relied upon in reaching its decision to approve the petition are available for inspection at the Center for Food Safety and Applied Nutrition (address above) by appointment with the information contact person listed above. As provided in 21 CFR 171.1(h), the agency will delete from the documents any materials that are not available for public disclosure before making the documents available for inspection.

The agency has carefully considered the potential environmental effects of this action and has concluded that the action will not have a significant impact on the human environment and that an environmental impact statement is not required. The agency's finding of no significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday. This action was considered under FDA's final rule implementing the National Environmental Policy Act (21 CFR Part 25).

Any person who will be adversely affected by this regulation may at any time on or before October 22, 1987, file with the Dockets Management Branch (address above) written objections thereto. Each objection shall be separately numbered, and each numbered objection shall specify with particularity the provisions of the regulation to which objection is made and the grounds for the objection. Each numbered objection on which a hearing is requested shall specifically so state. Failure to request a hearing for any particular objection shall constitute a waiver of the right to a hearing on that objection. Each numbered objection for which a hearing is requested shall include a detailed description and analysis of the specific factual information intended to be presented in support of the objection in the event that a hearing is held. Failure to include such a description and analysis for any particular objection shall constitute a waiver of the right to a hearing on the objection. Three copies of all documents shall be submitted and shall be identified with the docket number found in brackets in the heading of this document. Any objections received in response to the regulation may be seen in the Dockets Management Branch between 9 a.m. and 4 p.m., Monday through Friday.

List of Subjects in 21 CFR Part 177

Food additives, Food packaging.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Center for Food Safety and Applied Nutrition, Part 177 is amended as follows:

PART 177—INDIRECT FOOD ADDITIVES: POLYMERS

1. The authority citation for 21 CFR Part 177 continues to read as follows:

Authority: Secs. 201(s), 409, 72 Stat. 1784-1788 as amended (21 U.S.C. 321(s), 348); 21 CFR 5.10 and 5.61.

2. Part 177 is amended by adding § 177.1555 to read as follows:

§ 177.1555 Polyarylate resins.

Polyarylate resins (CAS Reg. No. 51706-10-6) may be safely used as articles or components of articles intended for use in contact with food in accordance with the following prescribed conditions:

(a) *Identity.* Polyarylate resins (1, 3-benzenedicarboxylic acid, diphenyl ester, polymer with diphenyl 1,4-benzenedicarboxylate and 4-4'-(1-methylethylidine) bis(phenol)) are formed by melt polycondensation of bisphenol-A with diphenylisophthalate and diphenylterephthalate.

(b) *Specifications.* (1) The finished copolymers shall contain from 70 to 80 weight percent of polymer units derived from diphenylisophthalate and 20 to 30 weight percent of polymer units derived from diphenylterephthalate.

(2) Polyarylate resins shall have a minimum weight average molecular weight of 20,000.

(3) Polyarylate resins may be identified by their characteristic infrared spectra.

(c) *Extractive limitations.* The finished polyarylate resins in sheet form at least 0.5 millimeter (0.020 inch) thick, when extracted with water at 121 °C (250 °F) for 2 hours, shall yield total nonvolatile extractives not to exceed 2.33 micrograms per square centimeter (15 micrograms per square inch) of the exposed resin surface.

(d) *Limitations.* Polyarylate resin articles may be used in contact with all foods except beverages containing more than 8 volume percent ethanol under conditions of use A through H, described in Table 2 of § 176.170(c) of this chapter.

Dated: September 8, 1987.

Richard J. Ronk,

Acting Director, Center for Food Safety and Applied Nutrition.

[FR Doc. 87-21783 Filed 9-21-87; 8:45 am]

BILLING CODE 4160-01-M

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21 CFR Part 178

[Docket No. 87F-0083]

Indirect Food Additives; Adjuvants, Production Aids, and Sanitizers

AGENCY: Food and Drug Administration.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the food additive regulations to provide for the safe use of 2,2'-methylenebis(4-methyl-6-*tert*-butylphenol) monoacrylate as an antioxidant for polymers intended to contact food. This action responds to a petition filed by Sumitomo Chemical America, Inc.

DATES: Effective September 22, 1987; objections by October 22, 1987.

ADDRESS: Written objections to the Dockets Management Branch (HFA-305), Food and Drug Administration, Room 4-62, 5600 Fishers Lane, Rockville, MD 20857.

FOR FURTHER INFORMATION CONTACT: Marvin D. Mack, Center for Food Safety and Applied Nutrition (HFF-335), Food and Drug Administration, 200 C Street SW., Washington, DC 20204, 202-472-5690.

SUPPLEMENTARY INFORMATION: In a notice published in the **Federal Register** of April 13, 1987 (52 FR 11887), FDA announced that a petition (FAP 5B3897) had been filed by Sumitomo Chemical America, Inc., 385 Park Avenue, New York, NY 10154, proposing that § 178.2010 *Antioxidants and/or stabilizers for polymers* (21 CFR 178.2010) be amended to provide for the safe use of 2-propenoic acid, 2-[1,1-dimethylethyl]-6-[3-1,1-dimethylethyl]-2-hydroxy-5-methylbenzyl]-4-methyl phenylester as an antioxidant for polymer intended to contact food.

FDA has evaluated data in the petition and other relevant material. The agency concludes that the name of the proposed food additive should be changed from that used in the filing notice to one that is more consistent with names used in the Code of Federal Regulations for related compounds. As such, the name of the additive has been changed to 2,2'-methylenebis[4-methyl-6-*tert*-butylphenol) monoacrylate. The agency further concludes that the additive is safe for the proposed use, and that 21 CFR 178.2010(b) should be amended as set forth below.

In accordance with § 171.1(h) [21 CFR 171.1(h)], the petition and the documents that FDA considered and relied available for inspection at the Center for Food Safety and Applied Nutrition (address above) by appointment with the information contact person listed above. As provided in 21 CFR 171.1(h), the agency will delete from the documents any materials that are not available for public disclosure before making the documents available for inspection.

The agency has carefully considered the potential environmental effects of this action and has concluded that the action will not have a significant impact on the human environment and that an environmental impact statement is not required. The agency's finding of no significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday. This action was considered under FDA's final rule implementing the National Environmental Policy Act (21 CFR Part 25).

Any person who will be adversely affected by this regulation may at any time on or before October 22, 1987, file with the Dockets Management Branch (address above) written objections thereto. Each objection shall be separately numbered, and each numbered objection shall specify with particularity the provisions of the regulation to which objection is made and the grounds for the objection. Each numbered objection on which a hearing is requested shall specifically so state. Failure to request a hearing for any particular objection shall constitute a waiver of the right to a hearing on that objection. Each numbered objection for which a hearing is requested shall include a detailed description and analysis of the specific factual information intended to be presented in support of the objection in the event that a hearing is held. Failure to include such a description and analysis for any particular objection shall constitute a waiver of the right to a hearing on the objection. Three copies of all documents shall be submitted and shall be identified with the docket number found in brackets in the heading of this document. Any objections received in response to the regulation may be seen in the Dockets Management Branch between 9 a.m. and 4 p.m., Monday through Friday.

List of Subjects in 21 CFR Part 178

Food additives, Food packaging.

Therefore, under the Federal Food, Drug and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Director of the Center for Food Safety and Applied Nutrition, Part 178 is amended as follows:

PART 178—INDIRECT FOOD ADDITIVES: ADJUVANTS, PRODUCTION AIDS, AND SANITIZERS

1. The authority citation for 21 CFR Part 178 continues to read as follows:

Authority: Secs. 201(s), 409, 72 Stat. 1784-1788 as amended (21 U.S.C. 321(s), 348); 21 CFR 5.10 and 5.61.

2. In § 178.2010(b) by alphabetically inserting in the list of substances a new item to read as follows:

§ 178.2010 Antioxidants and/or stabilizers for polymers.

* * * * *

(b) * * *

Substances	Limitations
* * *	* *
2,2'-Methylenebis(4-methyl-6-*tert*-butylphenol) monoacrylate (CAS Reg. No. 61167-58-6).	For use at levels not to exceed 0.5 percent by weight of polystyrene and rubber-modified polystyrene complying with § 177.1640 of this chapter.
* * *	* *

Dated: September 3, 1987.

Richard J. Ronk,

Acting Director, Center for Food Safety and Applied Nutrition.

[FR Doc. 87-21782 Filed 9-21-87; 8:45 am]

BILLING CODE 4160-01-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing—Federal Housing Commissioner

24 CFR Part 3280

[Docket No. R-87-1274; FR-2137]

Manufactured Home Construction and Safety Standards

AGENCY: Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

ACTION: Final rule.

SUMMARY: This final rule makes two revisions to the Department's Manufactured Home Construction and Safety Standards. First, the rule revises 24 CFR 3280.403(e)(2) and 3280.405(e)(2), which prescribe inspection and testing methods for determining compliance with manufactured home construction and safety standards for windows, sliding glass doors, and swinging exterior passage doors. The rule removes annual production unit testing requirements that were added in a final rule published February 12, 1987 (52 FR 4574, 4583–84) and announces HUD's intent to publish a proposed rule addresing alternate testing requirements.

Second, this rule amends § 3280.807 to modify slightly HUD's previous incorporation by reference of the 1984 National Electric Code (NEC). HUD's February 12, 1987 rule incorporated the 1984 NEC in its entirety. This rule establishes two definitions that differ from those contained in the 1984 NEC, and modifies the code's requirements for electrical installations associated with hydromassage bathtubs.

DATES: Effective dates: October 27, 1987. The incorporation by reference of certain publication listed in the regulations is approved by the Director of the Federal Register as of October 27, 1987.

FOR FURTHER INFORMATION CONTACT: Donald R. Fairman, Acting Chief, Standards Branch, Manufactured Housing and Construction Standards Division, Home and Construction Standards Division, Department of Housing and Urban Development, 451 7th Street SW., Room 9152, Washington, DC 20410–8000. Telephone (202) 755–6716. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: On February 12, 1987 (52 FR 4574), HUD published a final rule revising Part 3280, which contains Federal Manufactured Home Construction and Safety Standards (standards). The effective date of the final rule is August 11, 1987.

As a part of the final rule, HUD prescribed methods for inspecting and testing products to determine compliance with standards for windows and sliding glass doors (24 CFR 3280.403(e)(2)), and for swinging exterior passage doors (24 CFR 3280.405(e)(2)). These provisions require an independent quality assurance agency to conduct preproduction specimen tests and to inspect the product manufacturer's facility at least twice a year. One of these semiannual inspections must include production unit testing of the largest size of each design available at the time of the inspection.

Upon reconsideration of the prescribed production unit testing requirements, HUD has concluded that they may impose an excessive financial burden on product manufacturers and may be more stringent than necessary to assure compliance with the standards. (Some product manufacturers have from 15 to 20 design models in production at any one time. Independent quality assurance agencies can charge up to $2,000 per unit tested. Thus, these requirements may cause producers to spend up to $40,000 per year to comply with the production unit testing requirements.)

HUD believes that there may be less burdensome testing requirements that will offer equal assurance of compliance with the standards. HUD anticipates that new testing requirements can be formulated and proposed for inclusion in Part 3280 within six months of the effective date of the February 12, 1987 final rule. Until this new production unit testing requirement is developed, HUD believes that it is necessary to delete the annual production unit testing requirements contained in §§ 3280.403(e)(2) and 3280.405(e)(2).

The February 12, 1987 final rule referenced the 1984 National Electric Code (NEC) in its entirety. This reference has the unintended effect of reducing design flexibility associated with the use of hydromassage bathtubs in manufactured homes. This would result in unnecessary expense to industry and consumers. The problem dealt with in this revision was recognized by the NEC in its issuance of a Tentative Interim Amendment on the subject in mid-1985; the 1987 NEC was corrected on the subject of hydromassage bathtubs. While HUD is not here proposing wholesale adoption of the 1987 NEC, the effect of this final rule is to modify HUD's incorporation of the 1984 NEC to deal with the single issue of hydromassage bathtubs in a manner comparable to the 1987 NEC.

Section 3282.105(a) requires the Department to issue notices of proposed rulemaking, with an opportunity for public participation, unless the Secretary "finds that notice is impractical, unnecessary or contrary to the public interest * * *". In this case, the Secretary has so determined. With respect to the testing requirements for windows, the requirement for window testing only recently became effective, and may impose an unnecessary financial burden on manufacturers. Further, HUD intends to promulgate alternate testing procedures in the near future. With respect to the changes relating to hydromassage bathtubs, the Department believes that the requirements contained in the February 12, 1987 final rule would also impose an unnecessary financial burden on both manufacturers and consumers. Moreover, the Department believes that the requirements published herein, which are comparable to those contained in the 1987 NEC, are generally recognized to be adequate. For these reasons, the Secretary has determined that a notice of proposed rulemaking is not required.

Section 604(e) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Act) provides that amendments or revocations to the standards are to become effective no sooner than one hundred and eighty days from their issuance, unless the Secretary finds that an earlier date is in the public interest. For the reasons stated above, the Secretary has determined that it would be in the public interest to establish an earlier effective date for these requirements.

Similarly, section 605 of the Act requires the Secretary to consult with the National Manufactured Home Advisory Council before establishing, amending or revoking a standard to the extent feasible. Under the circumstances of this case, the Secretary has determined that it is not feasible to consult with the Advisory Council.

This rule does not constitute a "major rule" as that term is defined in section 1(b) of the Executive Order on Federal Regulation issued by the President on February 17, 1981. The rule does not: (1) Have an annual effect on the economy of one hundred million dollars or more; (2) cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions; or (3) have a significant adverse effect on competition, employment, investment, productivity, innovation or on the ability of United States-based

enterprises to compete with foreign-based enterprises in domestic or export markets.

Pursuant to the provisions of 5 U.S.C. 605(b) (the Regulatory Flexibility Act), the Undersigned hereby certifies that this rule does not have a significant economic impact on a substantial number of small entities. This rule merely deletes or modifies requirements that have only recently become effective and that have not, as yet, imposed any economic impact on any entities.

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations in 24 CFR Part 50, which implement section 102(2)(C) of the National Environment Policy Act of 1969. The Finding of No Significant Impact is available for public inspection during regular business hours at the Office of the Rules Docket Clerk at Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410.

This rule was listed as item 1001 in the Department's Semiannual Agenda of Regulations (publsihed at 52 FR 14362, 14393) on April 27, 1987, under Executive Order 12291 and the Regulatory Flexibility Act.

The Catalog of Federal Domestic Assistance Program number is 14.171—Manufactured Housing Construction and Safety Standards.

List of Subjects in 24 CFR Part 3280

Fire prevention, Housing standards, Manufactured homes, Incorporation by reference.

Accordingly, 24 CFR Part 3280 is amended as follows:

PART 3280—MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS

1. The authority citation for 24 CFR Part 3280 continues to read as follows:

Authority: Secs. 604 and 625 of the National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. 5403 and 5424; sec. 7(d) of the Department of Housing and Urban Development Act, 42 U.S.C. 3535(d).

2. Section 3280.403(e)(2) is revised to read as follows:

§ 3280.403 Standard for windows and sliding glass doors used in manufactured homes.

* * * * *

(e) * * *

(2) In determining certifiability of the products, an independent quality assurance agency shall conduct preproduction specimen tests in accordance with AAMA 1701.2–1985. Further, such agency shall inspect the product manufacturer's facility at least twice per year.

3. Section 3280.405(e)(2) is revised to read as follows:

§ 3280.405 Standard for swinging exterior passage doors for use in manufactured homes.

* * * * *

(e) * * *

(2) In determining certifiability of the products, an independent quality assurance agency shall conduct preproduction specimen test in accordance with AAMA 1702.2–1985. Further, such agency shall inspect the product manufacturer's facility at least twice per year.

4. Section 3280.807 is amended by adding a new paragraph (g) to read as follows:

§ 3280.807 Fixtures and appliances.

* * * * *

(g) The National Electric Code (NFPA No. 70–1984), incorporated by reference in Subpart I of this part, is modified for purposes of this subpart in the following respects:

(1) In lieu of the definitions of the following terms that appear in paragraph 680–4, the following definitions will be used:

(i) *Hydromassage bathtub.* A permanently installed bathtub equipped with a recirculating piping system, pump and associated equipment. It is designed so it can accept, circulate, and discharge water upon each use.

(ii) *Spa or hot tub.* A hydromassage pool or tub for recreational or therapeutic use, not located in health care facilities, designed for immersion of users and usually having a filter, heater, and motor-driven blower. It may be installed indoors or outdoors, on the ground or supporting structure, or in the ground or supporting structure.

(2) *Hyrdomassage bathtubs.* (i) Hydromassage bathtubs and their associated electric components shall be supplied by a circuit protected by a ground-fault circuit-interrupter.

(ii) *Other electric equipment.* Lighting fixtures, switches, receptacles, and other electric equipment located in the same room, and not directly associated with a hydromassage bathtub, shall be installed in accordance with the requirements of Chapters 1 through 4 in this Code covering the installation of that equipment in bathrooms.

Dated: September 10, 1987.

James E. Schoenberger,

General Deputy Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 87–21742 Filed 9–21–87; 8:45 am]

BILLING CODE 4210–27–M

DEPARTMENT OF JUSTICE

28 CFR Part 602

[Attorney General Order No. 1222–87]

Jurisdiction of the Independent Counsel: In re Franklyn C. Nofziger

AGENCY: Department of Justice.

ACTION: Final rule.

SUMMARY: This rule amends the provisions establishing the Office of Independent Counsel: In re Franklyn C. Nofziger. This amendment amends the regulations issued on March 6, 1987 and published at 52 FR 22438 (June 12, 1987) and provides additional jurisdiction to the Office of the Independent Counsel: In re Franklyn C. Nofziger. This amendment to the regulations supersedes an earlier amendment issued on June 5, 1987 and published at 52 FR 22439 (June 12, 1987). The additional jurisdiction granted herein is exactly parallel to the jurisdiction provided to Independent Counsel James C. McKay by the order of the Special Division of the United States Court of Appeals for the District of Columbia Circuit dated August 18, 1987. These amendments are in no way meant to question the independence or authority of the Independent Counsel appointed under the Act or to interfere in any way with his activities. To the contrary, this rule is intended to make certain that the necessary investigation and appropriate legal proceedings can proceed in a timely manner.

EFFECTIVE DATE: September 14, 1987.

FOR FURTHER INFORMATION CONTACT: Margaret C. Love, Special Counsel, Office of Legal Counsel, Room 5258, U.S. Department of Justice, 10th Street and Pennsylvania Avenue NW., Washington, DC 20530. Telephone: (202) 633–2030. This is not a toll-free number.

SUPPLEMENTARY INFORMATION: In accordance with 5 U.S.C. 605(b), I certify that this rule will not have a significant impact on a substantial number of small entities. This rule is not a major rule within the meaning of Executive Order No. 12291.

List of Subjects in 28 CFR Part 602

Crime, Conflict of interests, Government employees, Authority delegations (Government agencies).

By the authority vested in me by 28 U.S.C. 509, 510, and 515, and 5 U.S.C. 301, and pursuant to the President's general responsibility to enforce the laws of the United States pursuant to Article II of the United States Constitution, Part 602 of Title 28, Code of Federal Regulations, is amended as follows.

PART 602—[AMENDED]

1. The authority citation for 28 CFR Part 602 continues to read as follows:

Authority: 28 U.S.C. 509, 510, and 515; 5 U.S.C. 301.

§ 602.1 [Amended]

2. Section 602.1 is amended by removing paragraph (c), redesignating paragraph (d) as paragraph (e), and adding new paragraphs (c) and (d) to read as follows:

(c) The Independent Counsel: In re Franklyn C. Nofziger shall have jurisdiction to investigate to the maximum extent authorized by Title 28 U.S.C. 594, whether the conduct of Edwin Meese III specified in this section constituted a violation of any federal criminal law, as referred to in 28 U.S.C. 591, and more specifically whether the federal conflict of interest laws, 18 U.S.C. 201–211, or any other provision of the federal criminal law, was violated by Mr. Meese's relationship or dealings at any time from 1981 to the present with any of the following: Welbilt Electronic Die Corporation/Wedtech Corporation (including any of its contracts with the U.S. Government, or efforts to obtain same); Franklyn C. Nofziger; E. Robert Wallach; W. Franklyn Chinn; and/or Financial Management International, Inc.

(d) The Independent Counsel: In re Franklyn C. Nofziger shall have jurisdiction and authority to investigate other allegations and evidence of violation of any federal criminal law by Edwin Meese III developed during the Independent Counsel's investigation referred to in paragraph (c) of this section, and connected with or arising out of that investigation, and to seek indictments and to prosecute any persons or entities involved in any of the foregoing events or transactions that Independent Counsel believes constitute a federal offense and that there is reasonable cause to believe that the admissible evidence probably will be sufficient to obtain and sustain a conviction (28 U.S.C. 594(f)) of any federal criminal law (other than a violation constituting a Class B or C misdemeanor, or an infraction, or a petty offense) arising out of such events, including persons or entities who have engaged in an unlawful conspiracy or who have aided or abetted any criminal offense related to the prosecutorial jurisdiction of the Independent Counsel as herein established.

Arnold I. Burns,

Acting Attorney General.

Date: September 14, 1987.

[FR Doc. 87-21779 Filed 9-21-87; 8:45 am]

BILLING CODE 4410-01-M

DEPARTMENT OF THE TREASURY

31 CFR Part 103

Amendment to the Bank Secrecy Act Regarding Disclosure of Bank Secrecy Act Data

AGENCY: Departmental Offices, Treasury.

ACTION: Final rule.

SUMMARY: Treasury is clarifying the regulation pertaining to disclosure of information reported under the Bank Secrecy Act and adding a new provision that authorizes charging of fees for costs incidental to certain disclosures to state and local government agencies. On June 9, 1987, Treasury published in the **Federal Register** [52 FR 21699] a proposed clarification of 31 CFR 103.43. After review of the comments, Treasury is publishing a final rule that is unchanged from the proposal.

EFFECTIVE DATE: October 22, 1987.

FOR FURTHER INFORMATION CONTACT: Jonathan J. Rusch, Director, Office of Financial Enforcement, Office of the Assistant Secretary (Enforcement), Department of the Treasury, Room 4320, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, (202) 566–8022.

SUPPLEMENTARY INFORMATION: The Bank Secrecy Act, Pub. L. No. 91–508, as amended (codified at 31 U.S.C. 5311–5324, 12 U.S.C. 1829b, and 12 U.S.C. 1951–1959), empowers the Secretary of Treasury to require financial institutions to keep records and file reports that the Secretary of the Treasury determines have a high degree of usefulness in criminal, tax, or regulatory matters. *See* 31 U.S.C. 5311. The Secretary has the authority to make disclosures of information reported under the Bank Secrecy Act consistent with the purposes of the Act.

On June 9, 1987, Treasury published in the **Federal Register** [52 FR 21699] a proposed clarification of 31 CFR 103.43. The regulations implementing the Bank Secrecy Act, 31 CFR Part 103, contain provisions setting forth some of the categories of authorized disclosures of information reported under the Bank Secrecy Act. 31 CFR 103.43(a) and (b). In the Notice of Proposed Rulemaking, Treasury proposed to amend the regulations to make explicit the authority to disclose report information to the United States Congress consistent with the purposes of the Bank Secrecy Act, as set forth in proposed new paragraph 103.43(c). This authority is not specifically set forth in the current regulations.

Treasury also proposed to make explicit the existing authority to make other types of disclosures of Bank Secrecy Act records where disclosure is consistent with the purposes of the Act, such as to states that have enacted cash reporting statutes similar to the Bank Secrecy Act for equivalent law enforcement purposes. *See, e.g.*, California Monetary Instrument Transaction Reporting Law, Cal. Pen. Code sections 14160 *et seq.* Treasury will entertain requests by these states for periodic disclosure of all Currency Transaction Report (CTR) information filed with Treasury, by financial institutions within the state that are subject to both state and Federal reporting requirements. Such a procedure has the potential for substantial savings to both the state and its financial institutions. The state would be relieved of the cost of initial processing of cash reporting forms, and the state's financial institutions would be relieved of the burden of filing with the state.

The State of California has requested that the Treasury Department provide access to CTR data in order to ensure statewide compliance with its law and to permit it to exempt from state cash reporting requirements financial institutions that file reports with Treasury under the Bank Secrecy Act. As stated in the Notice of Proposed Rulemaking, Treasury believes the disclosure requested by the State of California is permissible under the current law as an authorized disclosure consistent with the purposes of the Bank Secrecy Act, and presents a fine opportunity for Federal and state cooperation in the fight against money laundering.

Finally, Treasury also proposed to amend 31 CFR 103.43 to provide that the Secretary may impose a fee for costs incidental to disclosures of Bank Secrecy Act information to State and local agencies, to be imposed in accordance with the statute governing fees for government services, 31 U.S.C.

9701. Such fees will be charged only when disclosures are made on a routine basis, such as in the California situation described above, and not when a state or local law enforcement agency makes a request for a limited number of records in connection with a particular case.

Comments

Five comments were received in response to the Notice of Proposed Rulemaking, all supporting the proposed clarification. The comments noted that this clarification avoids duplicative filing of reports, and results in a saving of time and money for both the government and financial institutions.

Conclusion

After consideration of all the comments, Treasury is issuing this final rule unchanged from the original proposal.

Executive Order 12291

This final rule is not a major rule for purposes of Executive Order 12291. It is not anticipated to have an annual effect on the economy of $100 million or more. It will not result in a major increase in costs or prices for consumers, individual industries, Federal, state, or local government agencies, or geographic regions. It will not have any significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or foreign markets. A Regulatory Impact Analysis therefore is not required.

Regulatory Flexibility Act

It is hereby certified under section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, that this final rule will not have a significant economic impact on a substantial number of small entities. The only costs of this rule are for reimbursement of Treasury costs by state or local government agencies requesting routine disclosure of Bank Secrecy Act data.

Paperwork Reduction Act

The collection of information requirements mandated by this final rule have been reviewed and approved by the Office of Management and Budget under section 3507 of the Paperwork Reduction Act. [OMB Control No. 1505–0104]

Drafting Information

The principal author of this document is the Office of the Assistant General Counsel (Enforcement). However, personnel from other offices participated in its development.

List of Subjects in 31 CFR Part 103

Authority delegations (Government agencies), Banks and banking, Currency, Foreign banking, Investigations, Law enforcement, Reporting and recordkeeping requirements, Taxes.

Amendment

For the reasons set forth in the preamble, 31 CFR Part 103 is amended as set forth below:

PART 103—FINANCIAL RECORDKEEPING AND REPORTING OF CURRENCY AND FOREIGN TRANSACTIONS

1. The authority citation for Part 103 is amended to read as follows:

Authority: Pub. L. 91–508, Title I, 84 Stat. 1114 (12 U.S.C. 1829b and 1951–1959); and the Currency and Foreign Transactions Reporting Act, Pub. L. 91–508, Title II, 84 Stat. 1118, as amended (31 U.S.C. 5311–5324).

2. Section 103.43 is amended by redesignating paragraphs (a), (b) and (c) as paragraphs (b), (d) and (e) respectively, revising newly redesignated paragraph (b), and adding new paragraphs (a), (c) and (f) to read as follows:

§ 103.43 Availability of information.

(a) The Secretary may within his discretion disclose information reported under this part for any reason consistent with the purposes of the Bank Secrecy Act, including those set forth in paragraphs (b) through (d) of this section.

(b) The Secretary may make any information set forth in any report received pursuant to this part available to another agency of the United States, to an agency of a state or local government or to an agency of a foreign government, upon the request of the head of such department or agency made in writing and stating the particular information desired, the criminal, tax or regulatory purpose for which the information is sought, and the official need for the information.

(c) The Secretary may make any information set forth in any report received pursuant to this part available to the Congress, or any committee or subcommittee thereof, upon a written request stating the particular information desired, the criminal, tax or regulatory purpose for which the information is sought, and the official need for the information.

* * * * *

(f) The Secretary may require that a state or local government department or agency requesting information under paragraph (b) of this section pay fees to reimburse the Department of the Treasury for costs incidental to such disclosure. The amount of such fees will be set in accordance with the statute on fees for government services, 31 U.S.C. 9701.

(Approved by the Office of Management and Budget under control number 1505–0104)

Dated: August 14, 1987.

Francis A. Keating, II,

Assistant Secretary (Enforcement).

[FR Doc. 87–21756 Filed 9–21–87; 8:45 am]

BILLING CODE 4810–25–M

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31 CFR Part 103

Amendment to the Bank Secrecy Act Instituting an Administrative Ruling System

AGENCY: Departmental Offices, Treasury.

ACTION: Final rule.

SUMMARY: In order to facilitate dissemination of Treasury Department interpretations of the Bank Secrecy Act and regulations, the Office of the Assistant Secretary (Enforcement) is instituting an administrative ruling system similar to those used by the Internal Revenue Service and the Customs Service.

EFFECTIVE DATE: October 22, 1987.

FOR FURTHER INFORMATION CONTACT: Jonathan J. Rusch, Director, Office of Financial Enforcement, Office of the Assistant Secretary (Enforcement), Department of the Treasury, Room 4320, 1500 Pennsylvania Avenue, NW., 20220, (202) 566–8022.

SUPPLEMENTARY INFORMATION: The Bank Secrecy Act, Pub. L. No. 91–508 (codified at 12 U.S.C. 1829b, 12 U.S.C. 1951 *et seq.*, and 31 U.S.C. 5311–5324), empowers the Secretary of the Treasury to require financial institutions to keep records and file reports that the Secretary determines have a high degree of usefulness in criminal, tax, and regulatory matters. Treasury regulations implementing the Act, 31 CFR Part 103, require a variety of financial institutions to file reports of large currency transactions. The Secretary also is authorized to impose civil penalties for violations of these regulations.

The Office of Financial Enforcement, within the Office of the Assistant Secretary (Enforcement), and the Office of the Assistant General Counsel (Enforcement) receive daily calls and letters asking for interpretations of the Bank Secrecy Act and regulations.

Those offices are available to assist financial institutions, and welcome any and all requests for information and assistance. Treasury notes, however, that many of these inquiries are duplicative. In order to ensure uniformity of advice and the effective and efficient dissemination of Treasury interpretations throughout the affected financial community, Treasury is establishing a centralized administrative ruling system to provide for publication of official interpretations of the regulations.

Under the rulings system established by this final rule, a written request for an administrative ruling with respect to any question regarding the interpretation of 31 CFR Part 103 can be submitted to the Office of Financial Enforcement. Such requests must contain all relevant information needed to issue the ruling; administrative rulings will not be issued in response to oral requests. Administrative rulings also may be issued upon the initiative of the Office of Financial Enforcement. While oral discussion of the request after its submission generally is not necessary, the Director of the Office of Financial Enforcement may grant a request for a conference or telephone conference within his discretion. Treasury will make every effort to respond within 90 days of receiving a request for a ruling. Treasury will determine whether a request has precedential value and, if it does, respond with a published letter ruling which will be published in the Federal Register and may be relied upon by others in interpreting Part 103. If Treasury determines that the request has no precedential value, then the request for a ruling will be answered by a private letter of no precedent except to the requestor, and will not be published in the Federal Register.

The rulings system is designed with two tasks in mind. First, it provides a mechanism whereby a financial institution can obtain a binding ruling interpreting Part 103 with respect to an actual situation. Second, the system provides a method for obtaining interpretations of Part 103 for hypothetical situations posited by the requestor and issuance of rulings with precedential value for interpretations of Part 103 that are of interest to the financial community. A published ruling by the Assistant Secretary (Enforcement), or his designee, concerning an actual situation involving interpretation of Part 103 shall be binding upon the Treasury Department with respect to that specific situation described by the requestor and shall have precedential value with respect to similar situations and may be relied upon by others similarly situated. A private letter ruling with respect to such an actual situation shall be binding with respect to that specific situation but shall have no precedential value and therefore may not be relied upon by others. A published ruling with respect to a hypothetical situation involving an interpretation of Part 103 may be relied upon by the requestor in dealing with the situation posited should it arise and shall have precedential value for others who find themselves similarly situated. No private letter rulings shall be issued with respect to hypothetical situations.

Rulings with precedential value shall be published at least quarterly in the Federal Register, unless Treasury determines that more frequent publication is necessary. Such rulings also shall appear in the annual compilation of the Code of Federal Regulations, and will be available by mail to other persons upon written request specifically identifying the ruling sought. Copies of all current precedential rulings and an index also will be available for inspection in the Treasury public reading room. Appointments must be made through the Office of Financial Enforcement, at the number listed above. Finally, the new procedures outline conditions regarding modification and rescission of rulings.

Applicability of Notice and Effective Date Requirements

This amendment promulgates general statements of policy, procedures and practices governing the scope and operation of an administrative ruling system. Hence, pursuant to 5 U.S.C. 553(b)(A), notice and public procedure thereon are unnecessary.

Executive Order 12291

As this final rule promulgates a regulation dealing solely with issues of agency management and organization, compliance with Executive Order 12291 and a Regulatory Impact Analysis are not required.

Regulatory Flexibility Act

Since no notice of proposed rulemaking is required by the Administrative Procedure Act (5 U.S.C. 551 *et seq.*), or by any other statute, this document is not subject to the provisions of the Regulatory Flexibility Act, 5 U.S.C. 603 and 604.

Paperwork Reduction Act

The collection of information requirements mandated by this final rule have been reviewed and approved by the Office of Management and Budget under section 3507 of the Paperwork Reduction Act. (OMB Control No. 1505-0105)

Drafting Information

The principal authors of this document are the Office of the Assistant General Counsel (Enforcement) and the Office of Financial Enforcement. However, personnel from other offices participated in its development.

List of Subjects in 31 CFR Part 103

Authority delegations (Government agencies), Banks and banking, Currency, Foreign banking, Investigations, Law enforcement, Reporting and recordkeeping requirements, Taxes.

Amendment

For the reasons set forth in the preamble, 31 CFR Part 103 is amended as follows:

PART 103—FINANCIAL RECORDKEEPING AND REPORTING OF CURRENCY AND FOREIGN TRANSACTIONS

1. The authority citation for Part 103 continues to read as follows:

Authority: Pub. L. No. 91-508, Title I, 84 Stat. 1114, 1116 (12 U.S.C. 1829b, 1951-1959); and the Currency and Foreign Transactions Reporting Act, Pub. L. No. 91-508, Title II, 84 Stat. 1118, as amended (31 U.S.C. 5311-5324).

2. Part 103 is amended by adding a new Subpart F to read as follows:

Subpart F—Administrative Rulings

Sec.

103.70 Scope.
103.71 Submitting requests.
103.72 Nonconforming requests.
103.73 Oral communications.
103.74 Withdrawing requests.
103.75 Issuing rulings.
103.76 Modifying or rescinding rulings.
103.77 Disclosing information.

Subpart F—Administrative Rulings

§ 103.70 Scope.

This subpart provides that the Assistant Secretary (Enforcement), or his designee, either unilaterally or upon request, may issue administrative rulings interpreting the application of Part 103.

§ 103.71 Submitting requests.

(a) Each request for an administrative ruling must be in writing and contain the following information:

(1) A complete description of the situation for which the ruling is requested,

(2) A complete statement of all material facts related to the subject transaction,

(3) A concise and unambiguous question to be answered,

(4) A statement certifying, to the best of the requestor's knowledge and belief, that the question to be answered is not applicable to any ongoing state or federal investigation, litigation, grand jury proceeding, or proceeding before any other governmental body involving either the requestor, any other party to the subject transaction, or any other party with whom the requestor has an agency relationship,

(5) A statement identifying any information in the request that the requestor considers to be exempt from disclosure under the Freedom of Information Act, 5 U.S.C. 552, and the reason therefor,

(6) If the subject situation is hypothetical, a statement justifying why the particular situation described warrants the issuance of a ruling,

(7) The signature of the person making the request, or

(8) If an agent makes the request, the signature of the agent and a statement certifying the authority under which the request is made.

(b) A request filed by a corporation shall be signed by a corporate officer and a request filed by a partnership shall be signed by a partner.

(c) A request may advocate a particular proposed interpretation and may set forth the legal and factual basis for that interpretation.

(d) Requests shall be addressed to: Director, Office of Financial Enforcement, Office of the Assistant Secretary (Enforcement), U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW., Room 4320, Washington, DC 20220.

(e) The requester shall advise the Director, Office of Financial Enforcement, immediately in writing of any subsequent change in any material fact or statement submitted with a ruling request in conformity with paragraph (a) of this section.

(Approved by the Office of Management and Budget under control number 1505–0105)

§ 103.72 Nonconforming requests.

The Director, Office of Financial Enforcement, shall notify the requester if the ruling request does not conform with the requirements of § 103.71. The notice shall be in writing and shall describe the requirements that have not been met. A request that is not brought into conformity with such requirements within 30 days from the date of such notice, unless extended for good cause by the Office of Financial Enforcement, shall be treated as though it were withdrawn.

(Approved by the Office of Management and Budget under control number 1505–0105)

§ 103.73 Oral communications.

(a) The Office of the Assistant Secretary (Enforcement) will not issue administrative rulings in response to oral requests. Oral opinions or advice by Treasury, the Customs Service, the Internal Revenue Service, the Office of the Comptroller of the Currency, or any other bank supervisory agency personnel, regarding the interpretation and application of this Part, do not bind the Treasury Department and carry no precedential value.

(b) A person who has made a ruling request in conformity with § 103.71 may request an opportunity for oral discussion of the issues presented in the request. The request should be made to the Director, Office of Financial Enforcement, and any decision to grant such a conference is wholly within the discretion of the Director. Personal conferences or telephone conferences may be scheduled only for the purpose of affording the requester an opportunity to discuss freely and openly the matters set forth in the administrative ruling request. Accordingly, the conferees will not be bound by any argument or position advocated or agreed to, expressly or impliedly, during the conference. Any new arguments or facts put forth by the requester at the meeting must be reduced to writing by the requester and submitted in conformity with § 103.71 before they may be considered in connection with the request.

(Approved by the Office of Management and Budget under control number 1505–0105)

§ 103.74 Withdrawing requests.

A person may withdraw a request for an administrative ruling at any time before the ruling has been issued.

§ 103.75 Issuing rulings.

The Assistant Secretary (Enforcement), or his designee may issue a written ruling interpreting the relationship between Part 103 and each situation for which such a ruling has been requested in conformity with § 103.71. A ruling issued under this section shall bind the Treasury Department only in the event that the request describes a specifically identified actual situation. A ruling issued under this section shall have precedential value, and hence may be relied upon by others similarly situated, only if it is published or will be published by the Office of Financial Enforcement in the **Federal Register**. Rulings with precedential value will be published periodically in the **Federal Register** and yearly in the Appendix to this part. All rulings with precedential value will be available by mail to any person upon written request specifically identifying the ruling sought. Treasury will make every effort to respond to each requestor within 90 days of receiving a request.

(Approved by the Office of Management and Budget under control number 1505–0105)

§ 103.76 Modifying or rescinding rulings.

(a) The Assistant Secretary (Enforcement), or his designee may modify or rescind any ruling made pursuant to § 103.75:

(1) When, in light of changes in the statute or regulations, the ruling no longer sets forth the interpretation of the Assistant Secretary (Enforcement) with respect to the described situation,

(2) When any fact or statement submitted in the original ruling request is found to be materially inaccurate or incomplete, or

(3) For other good cause.

(b) Any person may submit to the Assistant Secretary (Enforcement) a written request that an administrative ruling be modified or rescinded. The request should conform to the requirements of § 103.71, explain why rescission or modification is warranted, and refer to any reasons in paragraph (a) of this section that are relevant. The request may advocate an alternative interpretation and may set forth the legal and factual basis for that interpretation.

(c) Treasury shall modify an existing administrative ruling by issuing a new ruling that rescinds the relevant prior ruling. Once rescinded, an administrative ruling shall no longer have any precedential value.

(d) An administrative ruling may be modified or rescinded retroactively with respect to one or more parties to the original ruling request if the Assistant Secretary determines that:

(1) A fact or statement in the original ruling request was materially inaccurate or incomplete,

(2) The requestor failed to notify in writing the Office of Enforcement of a material change to any fact or statement in the original request, or

(3) A party to the original request acted in bad faith when relying upon the ruling.

(Approved by the Office of Management and Budget under control number 1505–0105)

§ 103.77 Disclosing information.

(a) Any part of any administrative ruling, including names, addresses, or information related to the business transactions of private parties, may be

disclosed pursuant to a request under the Freedom of Information Act, 5 U.S.C. 552. If the request for an administrative ruling contains information which the requestor wishes to be considered for exemption from disclosure under the Freedom of Information Act, the requestor should clearly identify such portions of the request and the reasons why such information should be exempt from disclosure.

(b) A requestor claiming an exemption from disclosure will be notified, at least 10 days before the administrative ruling is issued, of a decision not to exempt any of such information from disclosure so that the underlying request for an administrative ruling can be withdrawn if the requestor so chooses.

[Approved by the Office of Management and Budget under control number 1505-0105]

Dated: August 14, 1987.

Francis A. Keating II,

Assistant Secretary (Enforcement).

[FR Doc. 87-21755 Filed 9-21-87; 8:45 am]

BILLING CODE 4810-25-M

Office of Foreign Assets Control

31 CFR Part 550

Libyan Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Office of Foreign Assets Control is amending the Libyan Sanctions Regulations by the addition of §§ 550.630 and 550.635, providing, respectively, for a census of blocked assets and a census of claims against the Government of Libya and any Libyan entity. The amendments impose a requirement that reports be filed (1) under § 550.630 with respect to blocked Libyan assets held by any U.S. person between January 8, 1986 and June 30, 1987; and (2) under § 550.635 with respect to claims by U.S. nationals against the Government of Libya and any Libyan entity as of June 30, 1987.

EFFECTIVE DATE: September 22, 1987.

FOR FURTHER INFORMATION CONTACT: Loren L. Dohm, Chief, Census Unit, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220; telephone (202) 376-0968.

SUPPLEMENTARY INFORMATION: The Libyan Sanctions Regulations, 31 CFR Part 550 (51 FR 1354, January 10, 1986; 51 FR 2462, January 16, 1986; 51 FR 19751, June 2, 1986; 51 FR 22802, June 23, 1986; and 51 FR 25634, July 15, 1986) ("the Regulations"), were issued by the Treasury Department in implementation of Executive Order 12543 of January 7, 1986 (51 FR 875, January 9, 1986) and Executive Order 12544 of January 8, 1986 (51 FR 1235, January 10, 1986). In an appendix to this amendment, the Office of Foreign Assets Control has provided samples of forms TFR-630 (TDF 90-22.32) and TFR-635 (TDF 90-22.33), with instructions to be used in reporting information on blocked assets and claims. The reports are needed to obtain information, on a one-time basis, regarding blocked Libyan assets and claims by U.S. persons against the Government of Libya or any Libyan entities, for planning and administrative purposes. Copies of the printed forms with reporting instructions will be available after September 28, 1987, and will also be available at regional Federal Reserve System Banks. Other persons required to report or otherwise interested in obtaining copies of the printed forms and instructions may do so by contacting the nearest regional Federal Reserve System Bank after September 28, 1987 or by contacting the Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. Photocopies of the report forms may be used.

Forms are to be completed in triplicate and two copies are to be returned in a set to either Unit 630 (for reports concerning blocked assets) or Unit 635 (for reports concerning claims), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, by November 20, 1987. Observance of the filing deadline is extremely important. Reporting under these sections is mandatory.

The submission of a Form TFR-635 (TDF 90-22.33) report on a claim against the Government of Libya or a Libyan entity does not constitute the filing with the United States Government of a formal claim for compensation. No formal claims adjudication program currently exists. However, failure to file complete information with respect to claims in a timely fashion not only would constitute failure to comply with the Regulations, but would also prevent the inclusion of the information in U.S. Government planning and may therefore be prejudicial to the interests of the claimant and other U.S. claimants. Espousal of claims of U.S. nationals against a foreign government is within the discretion of the United States Government.

Since the Regulations involve a foreign affairs function, the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, does not apply. Because the Regulations are issued with respect to a foreign affairs function of the United States, they are not subject to Executive Order 12291 of February 17, 1981, dealing with Federal regulations. Approval has been granted by the Office of Management and Budget for the information collection requests contained in this rule.

List of Subjects in 31 CFR Part 550

Blocked assets, Claims, Exports, Imports, Libya, Loans, Reporting and recordkeeping requirements.

31 CFR Chapter V, Part 550, is amended as set forth below:

PART 550—LIBYAN SANCTIONS REGULATIONS

1. The authority citation for Part 550 continues to read as follows:

Authority: 50 U.S.C. 1701 *et seq.*; E.O. 12543, 51 FR 875, January 9, 1986; E.O. 12544, 51 FR 1235, January 10, 1986.

2. Section 550.630 is added to Subpart F as follows:

§ 550.630 Reports on Form TFR-630 (TDF 90-22.32).

(a) *Requirement for reports.* Reports on Form TFR-630 (TDF 90-22.32) are hereby required to be filed on or before November 20, 1987, in the manner prescribed herein, with respect to all property held by any United States person at any time between 4:10 p.m. e.s.t., January 8, 1986, and June 30, 1987, in which property the Government of Libya or any Libyan entity has or has had any interest.

(b) *Who must report.* Reports on Form TFR-630 (TDF 90-22.32) must be filed by each of the following:

(1) Any U.S. person, or his successor, who at 4:10 p.m. e.s.t., January 8, 1986, or any subsequent date up to and including June 30, 1987, had in his custody, possession or control, directly or indirectly, in trust or otherwise, property in which there was, within such period, any direct or indirect interest of the Government of Libya or any Libyan entity, whether or not such property continued to be held by that person on June 30, 1987; and

(2) Any business or non-business entity in the United States in which the Government of Libya or any Libyan entity held any financial interest on January 8, 1986, or any subsequent date up to and including June 30, 1987.

(c) *Property not required to be reported.* A report on Form TFR-630

(TDF 90–22.32) is not required with respect to:

(1) Property of a private Libyan national; and

(2) Patents, copyrights, trademarks and inventions, but this exemption shall not constitute a waiver of any reporting requirement with respect to royalties due and unpaid.

(d) *Filing Form TFR–630 (TDF 90–22.32).* Reports on Form TFR–630 (TDF 90–22.32) shall be prepared in triplicate. On or before November 20, 1987, two copies shall be sent in a set to Unit 630, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(e) *Certification.* Every report on Form TFR–630 (TDF 90–22.32) shall contain the certification required in Part E of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(f) *Confidentiality of reports.* Reports on Form TFR–630 (TDF 90–22.32) are regarded as privileged and confidential.

(Approved by the Office of Management and Budget under control number 1505–0102)

3. Section 550.635 is added to subpart F as follows:

§ 550.635 Reports on Form TFR–635 (TDF 90–22.33).

(a) *Requirement for reports.* Reports on Form TFR–635 (TDF 90–22.33) are hereby required to be filed on or before November 20, 1987, in the manner prescribed herein, with respect to claims for losses due to expropriation, nationalization, or other taking of property or businesses in Libya, including any special measures such as Libyan exchange controls directed against such property or businesses; claims for debt defaults, for damages for breach of contract or similar damages; and personal claims for salaries or for injury to person or property.

(b) *Who must report.* Reports on Form TFR–635 (TDF 90–22.33) must be filed by every U.S. person who had a claim outstanding against the Government of Libya or any Libyan entity which arose before June 30, 1987. No report is to be submitted by a U.S. branch of a foreign firm not owned or controlled by a U.S. person.

(c) *Filing Form TFR–635 (TDF 90–22.33).* Reports on Form TFR–635 (TDF 90–22.33) shall be prepared in triplicate. On or before November 20, 1987, two copies shall be sent in a set to Unit 635, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's record.

(d) *Certification.* Every report on Form TFR–635 (TDF 90–22.33) shall contain the certification required on Part C of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports on Form TFR–635 (TDF 90–22.33) are regarded as privileged and confidential.

(Approved by the Office of Management and Budget under control number 1505–0103)

Dated: August 27, 1987.

Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: September 1, 1987.

Francis A. Keating, II,

Assistant Secretary (Enforcement).

Editorial Note: These instructions and forms will not appear in the Code of Federal Regulations.

[TDF 90–22.32; OMB Number 1505–0102; Expiration Date—12/31/88]

Census of Blocked Libyan Assets

Instructions for Reporting on Form TFR–630 (TDF 90–22.32)

The Office of Foreign Assets Control, Department of the Treasury, under § 550.630 of the Libyan Sanctions Regulations (31 CFR Part 550), is conducting a census of all blocked Libyan assets.

Reporting under the census is mandatory for all persons holding blocked Libyan property. Reports on Form TFR–630 (TDF 90–22.32) are hereby required to be filed on or before November 20, 1987, in the manner prescribed herein, by any holder of blocked Libyan property who is a U.S. person. The reporting requirement applies to any U.S. person who had in his possession or control, between 4:10 p.m., e.s.t., January 8, 1986, and June 30, 1987, any property in which the Government of Libya or any Libyan entity has or had any interest during the period. The information to be reported is needed by the United States Government for planning purposes and to monitor compliance with the Regulations.

Each question on the form must be answered and all the specific information called for must be given. When there is nothing to report under any question, or if information is lacking, state "No," "None," or "Unknown," as the case may be. If the space provided on the form for answers should prove inadequate, the answer may be made or continued on a blank sheet of paper securely attached to the form. No person is excused from furnishing any information he reasonably should have furnished.

Filing Deadline: November 20, 1987. (See GENERAL INSTRUCTIONS, Item A.(5) Filing Form TFR–630.)

FOR FURTHER INFORMATION CONTACT: Unit 630, (202) 376–0968 or 376–0969.

Part I—General Instructions

A. Reporting Requirements

1. Who must report

a. Any United States person, or his successor, who as of 4:10 p.m., e.s.t., January 8, 1986, or any subsequent date through June 30, 1987, had in his custody, control or possession, directly or indirectly, in trust or otherwise, property in which there was, within such period, any direct or indirect interest of the Government of Libya, whether or not such property continued to be held by that person on June 30, 1987. If the property was no longer held by the reporting person on June 30, 1987, the identity and address of the transferee and an explanation of the transfer must be provided, including the number of any license issued by the Office of Foreign Assets Control authorizing the transfer, if applicable. A U.S. company with blocked property held by its foreign branches or agencies must submit a Form TFR–630 (TDF 90–22.32) for itself and any such branches or agencies. The U.S. firm must certify any report for its foreign branch or agency in Part E.

b. Any business or nonbusiness entity in the United States in which the Government of Libya or any Libyan entity held any financial interest on January 8, 1986, or on any subsequent date through June 30, 1987.

c. In general, the following U.S. persons who between 4:10 p.m., e.s.t., January 8, 1986 and June 30, 1987 held property in which the Government of Libya or any Libyan entity had any interest, will have reporting obligations:

(1) All banks within the United States, including U.S. subsidiaries, branches, and agencies of foreign banks which held deposits or other property;

(2) Foreign branches and agencies of U.S. banks which held dollar deposits or other property;

(3) Foreign branches and agencies of U.S. subsidiaries of foreign banks which held dollar deposits or other property;

(4) All banks, brokers, dealers or other custodians (including their foreign branches which held securities or other property);

(5) Nonbanking business enterprises and other entities subject to the

jurisdiction of the United States, including the foreign branches of such enterprises and entities, which had commercial or financial liabilities to the Government of Libya or any Libyan entity, or which had in their possession or control other property in which the Government of Libya or any Libyan entity had any interest; and

(6) All U.S. persons not otherwise defined who act as agents for the Government of Libya or any Libyan entity with property in the United States, including U.S. Government agencies which are custodians of property of the Government of Libya or of a Libyan entity.

2. What must be reported

a. Property subject to the jurisdiction of the United States or in the possession or control of U.S. persons, in which the Government of Libya or any Libyan entity had an interest of any nature whatsoever between 4:10 p.m., e.s.t., January 8, 1986 and June 30, 1987. A separate Form TFR–630 (TDF 90–22.32) must be filed with respect to each blocked account held by the holder.

b. The following property should not be reported:

(1) Property of a Libyan company or firm not owned or controlled by the Government of Libya; or the property of an individual Libyan national, unless such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the effective date, acting or purporting to act, directly or indirectly, on behalf of the Government of Libya.

(2) Patents, trademarks, copyrights and inventions, but this exemption shall not constitute a waiver of any reporting requirement with respect to royalties due and unpaid.

3. Primary responsibility for reporting

Primary responsibility for reporting any property rests with the actual holder of the property with the following exceptions: primary responsibility for reporting any asset held by a foreign firm or branch owned or controlled by a U.S. person rests with the U.S. parent or head office; primary responsibility for reporting any trust assets rests with the trustee; primary responsibility for reporting any estate assets rests with the personal representative, executor, or administrator; and primary responsibility for reporting real property rests with the Libyan owner's co-owner, legal representative, agent, or property manager in the United States. A report may be filed on behalf of a holder by an attorney, agent, or other person. However, information regarding the person actually holding the property must be reported in Part B, line 16. No person is excused from filing Form TFR–630 (TDF 90–22.32) by reason of the fact that another person has submitted a report with regard to the same property, unless he has actual knowledge that the other person has filed a report with respect to the property as full and complete as that which such person would otherwise be required to file.

4. Obtaining Form TFR–630 (TDF 90–22.32)

Copies of Form TFR–630 (TDF 90–22.32) with reporting instructions will be distributed through the Federal Reserve System to all regional Federal Reserve Banks. In addition, copies of Form TFR–630 (TDF 90–22.32) will be mailed directly to certain persons believed by the Treasury Department to be affected by the reporting requirements. Other persons required to report or otherwise interested in obtaining copies of Form TFR–630 (TDF 90–22.32) and the reporting instructions may do so by calling the Office of Foreign Assets Control, Unit 630, Department of the Treasury, Washington, DC 20220, at (202) 376–0968 or 376–0969, or by contacting the nearest regional Federal Reserve Bank.

Photocopies of the report form may be used.

5. Filing Form TFR–630 (TDF 90–22.32)

Reports on Form TFR–630 (TDF 90–22.32) shall be prepared in triplicate. On or before November 20, 1987, two copies shall be sent in a set to the Office of Foreign Assets Control, Unit 630, Department of the Treasury, Washington, DC 20220. The reporter shall retain a copy of the completed report.

6. Certification

Every report filed on Form TFR–630 (TDF 90–22.32) must be certified in Part E of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with the reporting requirements of § 550.630 of the Regulations.

7. Confidentiality of reports

Reports filed on Form TFR–630 (TDF 90–22.32) are regarded as privileged and confidential.

8. Penalties

Reporting on Form TFR–630 (TDF 90–22.32) is mandatory under § 550.630 of the Libyan Sanctions Regulations for persons who are subject to the reporting requirements. Penalties are provided for persons violating the Regulations.

B. Definitions

The definitions below shall be used for the purpose of reporting on Form TFR–630 (TDF 90–22.32). Any reference to "the Regulations" in these instructions or in Form TFR–630 (TDF 90–22.32) shall refer to the Libyan Sanctions Regulations (31 CFR Part 550), and any term not defined in these instructions shall have the meaning ascribed to it in the Regulations.

1. Person

An individual, partnership, association, corporation or other organization.

2. U.S. Person

Any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

3. Successor

A person who succeeds to the ownership or custody of blocked property by operation of law (such as a trustee in bankruptcy, administrator, etc.), by inheritance, or by change in organization (such as by merger, dissolution, or acquisition).

4. Financial Interest

Any right or claim to ownership or control, or participation in ownership or control, or other financial interest as follows:

(a) Any shares of stock of any business or nonbusiness entity;

(b) Any profits or income derived from shares of stock;

(c) Any bonds, debentures, notes or other funded obligations of any business or nonbusiness entity;

(d) Any other outstanding securities of any business or nonbusiness entity; or

(e) Any other right or claim with respect to any trust or similar organization.

5. Government of Libya

(a) The term "Government of Libya" includes:

(1) The State and the Government of Libya, as well as any political subdivision, agency or instrumentality thereof, including the Central Bank of Libya;

(2) Any partnership, association, corporation or other organization substantially owned or controlled by any of the foregoing;

(3) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since January 7, 1986, acting or purporting to

act, directly or indirectly, on behalf of any of the foregoing;

(4) Any other person or organization determined by the Secretary of the Treasury to be included within paragraph (a) hereof.

(b) A person specified in paragraph (a)(2) of this section shall not be deemed to fall within the definition of Libya solely by reason of being located in, organized under the laws of, or having its principal place of business in Libya.

6. Entity of the Government of Libya; Libyan entity

The terms "entity of the Government of Libya" and "Libyan entity" include:

(a) Any corporation, partnership, association, or other entity in which the Government of Libya owns a majority or controlling interest, any entity substantially managed or funded by that government, and any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Libya, including the Central Bank of Libya.

7. Property; Property Interests

The terms "property" or "property interests" shall, for purposes of reporting on Form TFR–630 (TDF 90–22.32), include, but not be limited to, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidence of wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendor's sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, letters of credit, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

8. Interest

Any interest of any nature whatsoever, direct or indirect.

C. Valuation Principles

1. Valuation

Where valuation is called for, the following table may be used as a guide.

Examples of property types	Principle
Checks, drafts, acceptances and notes.	Face or estimated value.
Commodities, including gold and other metals.	Market value.
Currency and coin	Face value or market value, whichever is higher.
Debts, claims and demands	Face or estimated value.
Deposits and cash balances	Balance of the account.
Foreign exchange futures	Difference between market price of currency and price specified in contract.
Franchises and concessions	Market or estimated value.
Goods, merchandise and other personal property.	Market or estimated value.
Land, buildings and mortgages on real estate.	Market or estimated value.
Letters of credit	Available amount.
Royalties, gas and oil	Capitalized value.
Securities	Market or estimated value.

All amounts reported should be given in dollars to the nearest dollar.

2. Valuation Date

Values shall be given as of the close of business on June 30, 1987.

3. Market or Estimated Values

Where market or estimated value is required, enter the market price at the close of business on June 30, 1987, or, if such price is not available, the estimated value on that date. In estimating value, the last sale price or bid, if reasonably close to June 30, 1987, may be used as a basis.

4. Value Expressed in Foreign Currency

Property valued in a foreign currency, or which is to be paid or liquidated in a foreign currency, shall be valued in dollars if a dollar market value exists for such property itself. If a dollar market value does not exist, the foreign currency value thereof shall be converted into a dollar value in accordance with the latest rate before June 30, 1987, as generally quoted by foreign exchange dealers or other recognized sources of information. In no case shall a value expressed in a foreign currency be entered in the report, but the fact that property was originally valued in a foreign currency should be indicated in Part B, question 14.

5. Property of Indeterminable Value

In reporting property of indeterminable value, enter "IN" in the space opposite the appropriate property type and describe the property briefly in Part B, question 14. When both property of indeterminable value and property of determinable value are to be reported under any one property type, only the determinable value should be reported. However, in response to Part B, question 14, both kinds of property should be described and the property of indeterminable value should be so described.

Part II—Specific Instructions

Part A. Information Concerning Libyan Entity Whose Property Is Reported

If any non-Libyan entity has an interest in the property reported the full value of the property shall be reported in Part B of Form TFR–630 (TDF 90–22.32). The name and pro rata interest of all non-Libyan entities shall be identified in line 4 of Part A. If more than one Libyan entity has an interest in property required to be reported, a separate report shall be made with respect to each such entity. The value of the property reported in Part B of Form TFR–630 (TDF 90–22.32) shall be an amount equivalent to the pro rata share to which the entity would be entitled. The other Libyan entities (including the Government of Libya) with an interest in this property shall be identified in line 4 of Part A.

Part B. Schedule of Property Required To Be Reported

Report the amount held on the effective date, i.e., as of 4:10 p.m., e.s.t., January 8, 1986, in column (1) and the amount held at the close of business on June 30, 1987, in column (2). If the property was acquired after the effective date, report in column (1) the amount as of date of acquisition and explain in line 15.

IMPORTANT: Be certain to report in column (1) of Part B the full amount of any property held regardless of any subsequent debit to the account or other licensed transfer after the effective date or date of acquisition (see line 15). Be certain to report in column (2) the full amount of any property held on June 30, 1987, notwithstanding adverse claims asserted against the property (see Part C).

Line 1.

Include certificates of deposit, Federal Funds, and variable rate accounts.

Line 3.

Include any negotiable instruments or other obligations held for the account of the Libyan Government or a Libyan entity not reportable in other specific lines. Obligations of the holder would generally not be reported in line 3 but in line 1; or line 4 (if non-marketable); or line 5 or 6. (if marketable).

Line 4.

This does not include deposits (line 1) or marketable debt securities issued by the reporter (lines 5–6).

Lines 5–6.

Include marketable equity and debt securities of all types, regardless of issuer, including government securities, regardless of maturity. Do not report securities on these lines if the Government of Libya or the Libyan entity holds a 10 percent or greater interest in the equity securities of the issuer; in that case, the Libyan Government's or entity's holdings should be reported as direct investment in line 7.

Line 7.

"Direct investment" means a 10 percent or greater interest in the equity of a U.S. business. Where the Libyan Government's or entity's interest is represented by marketable securities, report market value of all holdings including debt securities, in line 7. Where the Libyan Government's or entity's interest is not represented by marketable securities, report sum of the U.S. company's debt obligations to the Libyan Government or entity and the Libyan Government's or entity's share of the equity of the business (as represented by the book value of the business). Identify in line 14 the U.S. firm and percentage of Libyan ownership reported.

Line 9a.

Report market value of goods held which are owned by the Government of Libya or any Libyan entity and are or were intended for export to Libya.

Line 9b.

Report the value of other Libyan property in the possession or control of a U.S. person. Examples include: a Libyan vessel under charter; any Libyan aircraft, machinery, or equipment held for servicing or any other reason; or any furniture and office equipment of the U.S. branch of a Libyan entity.

Line 10.

Report the outstanding amounts of commercial letters of credit issued by U.S. banks in favor of the Libyan Government or entity.

Line 11.

Report the outstanding amounts of commercial letters of credit confirmed by U.S. banks in favor of the Libyan Government or entity.

Line 12.

Report the amount available under any standby letter of credit issued by a U.S. bank in favor of the Libyan Government or entity.

Line 14.

Describe briefly the property reported. If the property is a deposit or securities account be sure to include the account number or similar identifying reference and a description of the account or the securities held. If the property is an interest-bearing deposit include the rate as of June 30, 1987, or the index or other rate to which it is pegged (e.g., Federal Funds rate, London Inter-Bank Offered Rate, variable money market rate determined by bank). If the property is held in a non-interest bearing account, so indicate, and explain why. Tangible property should be described more thoroughly than financial items but breakdowns into specific items or detailed descriptions are not necessary.

Line 15.

Explain any increase or decrease in amounts reported in column (1) and column (2) above. If increases or decreases have resulted from actions taken under a specific Treasury Department license indicate license number and date issued (e.g., account debited under Treasury Department license L–9999, issued 2/11/86). If increases or decreases have occurred due to normal fluctuations in market value, crediting of interest, transfer of assets to another U.S. custodian, or any other reason, so state and explain. If a transfer of property has occurred, indicate the successor or prior custodian and the date or dates on which the transfer or transfers occurred.

Line 16.

If the property is held (or booked, in the case of a deposit) at any location other than the address of the reporter shown in Part D, so describe.

Part C. Adverse Claims

Line 1.

Report amounts involved and identities of all adverse claimants known by the reporter to be asserting claims against the property reported. Examples include specific claims such as writs of attachment and liens, or more general claims such as setoff rights asserted by the holder of the property against Libya. Any unusual circumstances (such as conflicts with local law) with respect to the property which the reporter deems to be of particular importance should be so described here.

Part D. Person Reporting Property

State reporter's name and address in lines 1 and 3. If the holder is an individual, state social security number on line 2. If reporter is a business firm, state the reporter's employer identification number on line 2. Be sure to include name, title, organization and telephone number of the appropriate person to contact concerning the report on line 5.

Part E. Certification

Be certain not to omit the required certification in Part E. THE REPORT IS NOT VALID WITHOUT CERTIFICATION.

[TDF 90–22.32; OMB Number 1505–0102; Expiration Date–12/31/88]

Form TFR–630

CENSUS OF BLOCKED LIBYAN ASSETS

Office of Foreign Assets Control, Unit 630, Department of the Treasury, Washington, DC 20220

Form TFR–630 (TDF 90–22.32) is to be used by all persons required to file reports pursuant to § 550.630 of Title 31 of the Code of Federal Regulations. BEFORE PREPARING THIS REPORT READ THE INSTRUCTIONS CAREFULLY. All information reported will be regarded as privileged and confidential. For assistance, call (202) 376–0968 or 376–0969.

Filing Deadline: November 20, 1987.

The report is to be completed in triplicate and two copies are to be filed with the Office of Foreign Assets Control, Unit 630, Department of the Treasury, Washington, DC 20220 by the November 20, 1987 deadline.

To the Secretary of the Treasury:

The undersigned, pursuant to § 550.630 of Title 31 of the Code of Federal Regulations, hereby makes the following report:

Part A—Information Concerning Libyan Entity Whose Property is Reported

1. Name _____
2. Address _____

_____

3. Type of person or entity:

A. Libyan Government or agency thereof.....
B. Libyan diplomatic or consular mission .....
C. Central Bank of Libya.....
D. Libyan commercial bank.....
E. Libyan corporation.....
F. Other (Describe) .....

4. Describe the extent of ownership or control by the Libyan Government or other Libyan entities in the above entity. Also describe any other person or persons known to have an interest in the property (See instructions).

_____

_____

Part B—Description of Property Required To Be Reported

	Amount 1/8/86	Amount 6/30/87
1. Deposits		
2. Bullion, currency, or coin		
3. Notes, checks, or drafts		
4. Debts		
5. U.S. Dollar denominated securities		
6. Securities denominated in other currencies		
7. Direct investment in U.S. business		
8. Real estate		
9. Personal Property:		
a. Goods consigned to Libya		
b. Other property held		
10. Commercial letters of credit issued in favor of Libya		
11. Commercial letters of credit confirmed in favor of Libya		
12. Standby letters of credit		
13. Miscellaneous		
Total (1 through 13)		

14. Describe the property reported. If the property is a deposit or securities account, state account number or similar identifying reference, and describe the account or the securities held (See instructions).

15. Explain any increases or decreases in amounts reported in column (1) and column (2) above. Include the license number of any Treasury Department license known to be issued with respect to the account or property reported (See instructions).

16. If the property in this report is located at a place other than the address of the reporter as stated in Part D, so describe.

Part C—Adverse Claims

1. Describe briefly any adverse claims known to be asserted against the property reported (See instructions).

Part D—Person Reporting Property

1. Name
2. EIN/SSN
3. Address

4. Type of reporter:
A. Bank
B. Broker or securities dealer
C. Oil company
D. Agent (for holder described in Part B. line 16.)
E. Other (explain below)

5. Person to contact regarding this report:
Name
Title
Organization
Telephone Number

Part E—Certification

I, _____, certify that I am the _____ of the _____, that I am authorized to make this certification, and that, to the best of my knowledge and belief, the statements set forth in this report, including any papers attached hereto or filed herewith, are true and accurate, and that all material facts in connection with said report have been set forth herein.
Date
Signature
Address

[TDF 90-22.33; OMB Number 1505-0103; Expiration Date—12/31/88]

Census of Claims by United States Persons Against Libya

Instructions for Reporting on Form TFR-635 (TDF 90-22.33)

The Office of Foreign Assets Control, Department of the Treasury, under § 550.635 of the Libyan Sanctions Regulations (31 CFR Part 550), is conducting a census of information relative to claims of U.S. persons against the Government of Libya, its agencies or instrumentalities or controlled entities, the Central Bank of Libya, or other Libyan entities.

The information to be reported is needed by the United States Government for planning purposes. The submission of this report does not constitute the filing with the United States Government of a formal claim for compensation. No formal claims adjudication program currently exists. However, failure to file complete information in a timely fashion would not only constitute failure to comply with the Regulations but would also prevent the inclusion of the information in U.S. government planning, which could be prejudicial to the interests of the claimant and other U.S. claimants. Espousal of claims of U.S. nationals against a foreign government is within the discretion of the United States Government.

Reporting under the census is mandatory for persons who are subject to the reporting requirements. Reports on Form TFR-635 (TDF 90-22.33) are hereby required to be filed on or before November 20, 1987, in the manner prescribed herein. The report must describe any outstanding claims of any U.S. persons against the Government of Libya or any Libyan entity which arose before June 30, 1987.

All the specific information asked for on the form must be reported. When there is nothing to report under any question, or if information is lacking, state "No," "None," or "Unknown," as the case may be. If the space provided on the form for any answer should prove inadequate, the answer may be made or continued on a blank sheet of paper securely attached to the form and identified as a continuation of a particular response. This pamphlet contains reporting instructions, one copy of report Form TFR-635 (TDF 90-22.33), and three copies of Schedule B1—Schedule For Separate Description Of Claims. Photocopies of the form and schedule may be used.

Filing Deadline: November 20, 1987 (See Instructions, Item A.(5) Filing Form TFR-635.)

For Further Information Contact: Unit 635, (202) 376-0968 or 376-0969.

A. Reporting Requirements

1. Who Must Report

Any U.S. person, whether an individual or a business enterprise, who, on June 30, 1987, had a claim outstanding against the Government of Libya or any Libyan entity. Claims of U.S. branches of foreign firms not owned or controlled by U.S. persons and claims of nonresident aliens should not be reported on Form TFR-635 (TDF 90-22.33).

If a U.S. parent company or any foreign firm(s) that it owns or controls is subject to the reporting requirements, a consolidated claims report on Form TFR-635 (TDF 90-22.33) must be filed by the U.S. parent company covering its claims and those of such foreign firm(s).

2. What Must be Reported

a. Business Claims. United States businesses and individuals conducting or formerly conducting business in Libya should report losses due to expropriation, nationalization, or other takings of property or businesses by Libya. Claims against Libyan entities for other business losses, such as debt defaults, damages for breach of contract, and other damages, should also be reported.

b. Personal Claims. Any United States citizen or permanent resident alien who has suffered losses due to expropriation or who has claims for salaries or for loss or injury to person or property resulting

from actions of the Government of Libya or any Libyan entity must report such claims.

3. Primary Responsibility for Reporting

Primary responsibility for reporting any claim rests with the claimant with the following exceptions: Primary responsibility for reporting any claim of a foreign firm owned or controlled by a U.S. person rests with the U.S. parent; primary responsibility for reporting the claim of any trust rests with the trustee; and primary responsibility for reporting the claim of any estate rests with the executor or administrator. A report may be filed on behalf of a claimant by an attorney, agent, bank, insurance company, or other person. However, the pertinent information regarding the person making the report must be included in Part A., line 7 and in Part C of the form. No person is excused from filing Form TFR–635 (TDF 90–22.33) by reason of the fact that another person has submitted a report with regard to the same claim unless he has actual knowledge that the other person has filed a report with respect to the claim as full and complete as that which such person would otherwise be required to file.

4. Obtaining Form TFR–635 (TDF 90–22.33)

Copies of Form TFR–635 (TDF 90–22.33) with reporting instructions will be distributed through the Federal Reserve System to all regional Federal Reserve Banks. In addition, copies of Form TFR–635 (TDF 90–22.33) will be mailed directly to certain persons believed by the Treasury Department to be affected by the reporting requirements. Other persons required to report or otherwise interested in obtaining copies of Form TFR–635 (TDF 90–22.33) may do so by calling the Office of Foreign Assets Control, Unit 635, Department of the Treasury, Washington, DC 20220, at (202) 376–0968, or by contacting the nearest regional Federal Reserve bank.

Photocopies of the report form may be used.

5. Filing Form TFR 635 (TDF–90–22.33)

Reports on Form TFR–635 (TDF 90–22.33) shall be prepared in triplicate. On or before November 20, 1987, two copies shall be sent in a set to Unit 635, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The reporter shall retain a copy of the completed report.

6. Certification

Every report filed on Form TFR–635 (TDF 90–22.33) must be certified in Part C of the form. Failure to complete this certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with the reporting requirements of section 550.635 of the Regulations.

7. Confidentiality of Reports

Reports filed on Form TFR–635 (TDF 90–22.33) are regarded as privileged and confidential.

8. Penalties

Reporting on Form TFR–635 (TDF 90–22.33) is mandatory under § 555.635 of the Libyan Sanctions Regulations. Penalties are provided for persons violating the Regulations.

B. Definitions

The definitions below shall be used for the purpose of reporting on Form TFR–635 (TDF 90–22.33). Any reference to "the Regulations" in these instruction or in Form TFR–635 (TDF 90–22.33) shall refer to the Libyan Sanctions Regulations (31 CFR Part 550), and any term not defined in these instructions shall have the meaning ascribed to it in the Regulations.

1. Person

An individual, partnership, association, corporation or other organization.

2. U.S. Person

Any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

3. Successor

A person who has succeeded to a claim by operation of law (such as a trustee in bankruptcy, an executor or administrator, etc.), by inheritance, or by change in organization (such as by merger, dissolution or acquisition).

4. Financial Interest

Any right or claim to ownership or control, or participation in ownership or control, or other financial interests as follows:

(a) Any shares of stock of any business or nonbusiness entity;

(b) Any profits or income derived from shares of stock;

(c) Any bonds, debentures, notes or other funded obligations of any business or nonbusiness entity;

(d) Any other outstanding securities of any business or nonbusiness entity; or

(e) Any other right or claim with respect to any trust or similar organization.

5. Government of Libya

(a) The term "Government of Libya" includes:

(1) The State and the Government of Libya, as well as any political subdivision, agency or instrumentality thereof, including the Central Bank of Libya;

(2) Any partnership, association, corporation or other organization substantially owned or controlled by any of the foregoing;

(3) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since January 7, 1986, acting or purporting to act, directly or indirectly, on behalf of any of the foregoing;

(4) Any other person or organization determined by the Secretary of the Treasury to be included within paragraph (a) hereof.

(b) A person specified in paragraph (a)(2) of this section shall not be deemed to fall within the definition of Libya solely by reason of being located in, organized under the laws of, or having its principal place of business in Libya.

6. Entity of the Government of Libya; Libyan Entity

The terms "entity of the Government of Libya" and "Libyan entity" include:

(a) Any corporation, partnership, association, or other entity in which the Government of Libya owns a majority or controlling interest, any entity substantially managed or funded by that government, and any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Libya, including the Central Bank of Libya.

7. Property; Property Interests

The terms "property" or "property interests," for purposes of reporting claims on Form TFR–635 (TDF 90–22.33), shall include, but not be limited to, money, checks, drafts, bullion, bank deposits, savings accounts, and debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidence of title, ownership or indebtedness, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable

instruments, letters of credit, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks or copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

8. Interest

Any interest of any nature whatsoever, direct or indirect.

C. Valuation Principles

1. Valuation

The following table may be used as a guide to valuation principles for various type of property:

Examples of property types	Principle
Checks, drafts, acceptances and notes.	Face or estimated value.
Commodities, including gold and other metals.	Market value.
Currency and coin	Face value or market value, whichever is higher.
Debts, claims and demands	Face or estimated value.
Deposits and cash balances	Balance of the account.
Foreign exchange futures	Difference between market price of currency and price specified in contract.
Goods, merchandise and other personal property.	Market or estimated value.
Land, buildings and mortgages on real estate.	Market or estimated value.
Letters of credit	Available amount.
Royalties, gas and oil	Capitalized value.
Franchises and concessions	Market or estimated value.
Securities	Market or estimated value.

If alternative valuation principles are employed to assess the value of the claim be sure to describe fully in Schedule B1, line 8, the principles or methodology employed.

2. Valuation Date

Date of loss.

3. Market or Estimated Values

Where market or estimated value is required, enter the market price on the date of loss, or, if such price is not available, the estimated value on that date. In estimating value, the last sale price or bid, if reasonably close to the date of loss, may be used as a basis.

4. Dollar Value

Report claims in U.S. dollars to nearest dollar. Convert foreign currency values at exchange rate prevailing on date of loss, as generally quoted by foreign exchange dealers or other recognized sources of information.

Form TFR–635

CENSUS OF CLAIMS BY UNITED STATES PERSONS AGAINST LIBYA

Office of Foreign Assets Control, Unit 635, Department of the Treasury, Washington, DC 20220

Important Note: The submission of this report does not constitute the filing with the United States Government of a formal claim for compensation, nor does it guarantee that the claim will be included in any future agreement. However, failure to file complete information in a timely fashion not only would constitute failure to comply with the Regulations but would also prevent the inclusion of information in U.S. Government planning, which could be prejudicial to the interests of the claimant and other U.S. claimants.

Form TFR–635 (TDF 90–22.33) is to be used by all persons required to file reports pursuant to § 550.635 of Title 31 of the Code of Federal Regulations. The report form, along with required schedules, must describe any claim outstanding of any such person against any Libyan entity which arose before June 30, 1987. Before Preparing This Report Read the Instructions Carefully. All information reported will be regarded as privileged and confidential. For assistance, call (202) 376–0968 or 376–0969.

Filing Deadline: November 20, 1987.

The report is to be completed in triplicate and two copies are to be filed with the Office of Foreign Assets Control, Unit 635, Department of the Treasury, Washington, D.C. 20220 by the November 20, 1987 deadline.

To the Secretary of the Treasury:

The undersigned, pursuant to § 550.635 of Title 31 of the Code of Federal Regulations, hereby makes the following report:

PART A—INFORMATION CONCERNING U.S. CLAIMANT.

EIN or SSN _____

1. Name _____

2. Address _____

_____

3. Nationality _____

4. If claimant is a corporation or other legal entity, state date and place of incorporation, and percentage of outstanding capital stock of all classes owned, directly or indirectly, by persons who were U.S. nationals on the date of loss.

_____

5. If there has been any change in the nationality status of claimant since the date of loss, explain circumstances.

_____

6. If any other person, firm, corporation, or other entity (other than claimant's subsidiary, branch, or office reported on Schedule B1) has or has had, either at present or since the date of loss, any interest in the claim, state names and present addresses of all such parties.

_____

7. If the person reporting the claim is a person other than the claimant named in line 1 of this part, state name, address, and relationship to claimant.

Name _____

Address _____

_____

Relationship to claimant _____

_____

8. Individual to contact regarding this report:

Name _____

Title _____

Organization _____

Telephone number _____

PART B—SUMMARY OF CLAIMS AGAINST LIBYA.

Report aggregate value of all claims in the appropriate category or categories below as of date of loss. Detailed information concerning specific claims should be reported on one or more attached Schedule BI submissions. Amounts reported on all Schedule B1 submissions should total the aggregate amounts reported in this summary. A separate Schedule B1 should be submitted for each claim. Claims of a given type or involving a common set of circumstances against the same Libyan entity may be aggregated on a single Schedule B1 submission. Three copies of Schedule B1 are attached to this pamphlet. Additional photocopies may be used, if needed. If claims are made for subsidiaries, at least one separate Schedule B1 submission must be included for each subsidiary, with amounts allocated appropriately to each category of claim.

1. Business Claims
a. Loans or credits:
(1) Total outstanding: _____
(2) Total amount overdue or in default.....
b. Expropriation losses:
(1) Loss of equity, concessions, or going concern value.....
(2) Loss of tangible assets.....
c. Receivables or other amounts due and unpaid.....
d. Breach of contract damages .....
e. Other damages.....
Subtotal 1. (Righthand column amounts only. Do not include amount in a. (1))
2. Personal Claims
a. Expropriation losses: .....
b. Salaries, benefits, receivables or other items due and unpaid.....
c. Lost future benefits or other contractual claims.....
d. Personal injury or other tort claims.....
e. Other damages .....
Subtotal 2.....
Total Claims (Subtotals 1. and 2.).....

Part C—Certification

I _____, certify that I am the _____ of the _____, that I am authorized to make this certification, and that, to the best of my knowledge and belief, the statements set forth in this report,

including any papers attached hereto or filed herewith, are true and accurate, and that all material facts in connection with this report have been set forth herein.

Date _____

Signature _____

Address _____

Schedule B1—Schedule for Separate Description of Claims

EIN or SSN of U.S. claimant _____

This is (number) out of (total) Schedule B1's submitted.

Note.—Lines 1 and 2 below *should not* be completed if claim reported on this Schedule B1 belongs directly to claimant named in Part A. Lines 1 and 2 *should* be completed in full if claim belongs to a separate subsidiary, branch, or office of claimant named in Part A.

1. State name and address.

Name _____

Address _____

2. State relationship to U.S. claimant named in Part A. If this Schedule B1 is for a subsidiary, state percentage of direct or indirect ownership as of date of loss, indicate type of corporate entity, and state date and place of incorporation.

3. Libyan entity against which claim is asserted.

Name _____

Address _____

4. State basis for belief that entity is owned or controlled by Government of Libya:

5. If claimant has filed an attachment order or other judicial proceeding with respect to this claim, indicate date and place.

6. If claimant holds any property (e.g., tangible property, bank deposits, or obligations to Libya) against which a remedy for this claim, such as a setoff, could be asserted, so describe.

7. Type and amount of claim.

A. Business Claims

a. Loans or credits:
(1) Total outstanding: _____
(2) Total amount overdue or in default.....
b. Expropriation losses:
(1) Loss of equity, concessions, or going concern value.....
(2) Loss of tangible assets.....
c. Receivables or other amounts due.....
d. Breach of contract damages.....
e. Other damages.....
Subtotal A. (Righthand column amounts only. Do not include amount in a.(1)).....

B. Personal Claims

a. Expropriation losses.....
b. Salaries, benefits, receivables or other items due and unpaid.....
c. Lost future benefits or other contractual claims.....
d. Personal injury or other tort claims.....
e. Other damages.....
Subtotal B.....
Total Claim (A. and B.)—This Schedule B1.....

8. Describe the circumstances surrounding the loss, including a description of the property or the nature of the business which is the subject of the claim, the date of loss, and the methods used to value the property, business, or damages. If the claim involves contractual damages, describe any clauses in the contract referring to choice of law or forum for settling disputes. Indicate whether documentary evidence is available. Do not submit documentary evidence.

[FR Doc. 87-21761 Filed 9-17-87; 11:18 am]
BILLING CODE 4810-25-M

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 271

[FRL-3263-5]

Final Authorization of State Hazardous Waste Management Program; Washington

AGENCY: Environmental Protection Agency, Region 10.

ACTION: Immediate final rule; notice of compliance schedule to adopt program modification.

SUMMARY: The State of Washington has applied for final authorization of revisions to its hazardous waste program under the Resource Conservation and Recovery Act (RCRA). EPA has reviewed Washington's application and has made a decision, subject to public review and comment, that their hazardous waste program revisions satisfy all of the requirements necessary to qualify for final authorization. Thus, EPA intends to approve Washington's hazardous waste program revisions. Washington's application for program revision is available for public review and comment.

EPA is also publishing a compliance schedule for Washington to modify its program in accordance with 40 CFR 271.21(g) to adopt an additional Federal program modification.

DATES: Final authorization for Washington shall be effective November 23, 1987 unless EPA publishes a prior **Federal Register** action withdrawing this immediate final rule. All comments on Washington's program revision application must be received by the close of business October 22, 1987.

ADDRESSES: Copies of Washington's program revision application are available from 8:00 a.m. to 4:30 p.m. at the following addresses for inspection and copying: Washington Department of Ecology (Rowesix) 4224 6th Avenue SE., Bldg. 4, Olympia, Washington 98504, Phone (206) 459-6516; U.S. EPA Headquarters Library (PM 211A), 401 M Street, SW., Washington, DC 20460, Phone: (202) 382-5926; U.S. EPA Region 10 Library, 1200 Sixth Avenue, Seattle, Washington 98101, Phone: (206) 442-1289. Written comments should be sent to the EPA contact person listed below.

FOR FURTHER INFORMATION CONTACT: Michael A. Bussell, Mail Stop HW-112, 1200 Sixth Avenue, Seattle, Washington 98101, Phone: (206) 442-2857.

SUPPLEMENTARY INFORMATION:

A. Background

States with final authorization under section 3006(b) of the Resource Conservation and Recovery Act ("RCRA" or "the Act"), 42 U.S.C. 6929(b), have a continuing obligation to maintain a hazardous waste program that is equivalent to, consistent with, and no less stringent than the Federal hazardous waste program. In addition, as an interim measure, the Hazardous and Solid Waste Amendments of 1984 (Pub. L. 98-616, November 8, 1984, herein-after "HSWA"), allow States to revise their programs to become substantially equivalent instead of equivalent to the RCRA requirements promulgated under HSWA authority. States exercising the latter option receive "interim authorization" for the HSWA requirements under section 3006(g) of RCRA, 42 U.S.C. 6926(g), and later apply for final authorization for the HSWA requirements.

Revisions to State hazardous waste programs are necessary when Federal or State statutory or regulatory authority is modified or when certain other changes occur. Most commonly, State program revisions are necessitated by changes to EPA's regulations in 40 CFR Parts 260 through 266 and 124 and 270 through 271.

B. Washington

Washington initially received final authorization on January 30, 1986, (51 FR 3782-3783). Today, Washington is seeking final authorization for several state program revisions, as necessitated by changes to EPA's regulations in 40 CFR Parts 260 through 266 and 124 and 270. Specifically, Washington is requesting approval for state program revisions which incorporate the Federal redefinition of solid waste (50 FR 614-668), revisions to interim status

standards for hazardous waste landfills (50 FR 16044–16048), hazardous waste listings (50 FR 42936–42943 and 53314–53320) and the regulation of radioactive mixed wastes (51 FR 24504–24505).

3006(f)—Availability of Information

As part of their application, Washington had sought authorization for the RCRA section 3006(f)—availability of information requirement (50 FR 28754). However, in reviewing the State's application, EPA determined that Washington had not fully met the corresponding authorization requirements. Washington has, therefore, agreed to postpone seeking authorization for this program component and will make the necessary State program revision on the following schedule:

Prepare proposed regulation amendments by 8/31/87
File proposed amendments with the State Code Reviser by 9/15/87
Public comment period and public hearings completed by 10/30/87
Final decision-making and adoption of amendments by 11/31/87

Washington expects to submit an application to EPA for authorization for the section 3006(f)-availability of information requirement by December 30, 1987.

EPA has reviewed Washington's application and, with the exception of the availability of information requirement discussed above, had made an immediate final decision that Washington's hazardous waste program revisions satisfy all of the requirements necessary to qualify for final authorization. Accordingly, EPA intends to grant Washington final authorization for these additional program modifications. The public may submit written comments on EPA's immediate final decision up until October 22, 1987. Copies of Washington's application for program revision are available for inspection and copying at the locations indicated in the "Addresses" section of this notice.

Approval of the Washington program revisions shall become effective in 60 days, unless an adverse comment pertaining to the State's revision application is received by the end of the comment period. If an adverse comment is received EPA will publish either (1) a withdrawal of the immediate final decision or (2) a notice containing a response to comments which either affirms that the immediate final decision takes effect or reverses the decision.

C. Decision

I conclude that the Washington program revisions, discussed above, meet all of the statutory and regulatory requirements established by RCRA. Accordingly, Washington is granted final authorization to operate its hazardous waste program as revised. Washington continues to have responsibility for permitting treatment, storage, and disposal facilities within its borders and carrying out other aspects of the RCRA program, subject to the limitation of its revised program application and previously approved authorities. Washington also continues to have primary enforcement responsibilities, although EPA retains the right to conduct inspections under section 3007 of RCRA and to take enforcement actions under section 3008, 3013 and 7003 of RCRA. Washington is not authorized by the Federal government to operate the RCRA program on Indian lands; this authority remains with EPA.

Compliance With Executive Order 12291

The Office of Management and Budget has exempted this rule from the requirements of section 3 of Executive Order 12291.

Certification Under The Regulatory Flexibility Act

Pursuant to the provisions of 4 U.S.C. 605(b), I hereby certify that this authorization will not have a significant economic impact on a substantial number of small entities. This authorization effectively suspends the applicability of certain Federal regulations in favor of Washington's program, thereby eliminating duplicative requirements for handlers of hazardous waste in the State. It does not impose any new burdens on small entities. This rule, therefore, does not require a regulatory flexibility analysis.

List of Subjects in 40 CFR Part 271

Administrative practice and procedure, Confidential business information, Hazardous materials transportation, Hazardous waste, Indian lands, Intergovernmental relations, Penalties, Reporting and recordkeeping requirements, Water pollution control, Water supply.

Authority: This notice is issued under the authority of sec. 2002(a), 3006 and 7004(b) of the Solid Waste Disposal Act as amended 42 U.S.C. 6912(a), 6926, 6947(b).

Robie G. Russell,

Regional Administrator.

Dated: September 2, 1987.

[FR Doc. 87–21602 Filed 9–21–87; 8:45 am]

BILLING CODE 6560–50–M

DEPARTMENT OF THE INTERIOR

Office of Hearings and Appeals

43 CFR Part 4

Hearings and Appeals Procedures; Correction

AGENCY: Office of Hearings and Appeals, Interior.

ACTION: Final rule; correction.

SUMMARY: This rule corrects Departmental regulations 43 CFR 4.236, 4.320, and 4.323 in order to use the current designation of the Bureau of Indian Affairs office maintaining the records of the probate of estates of decreased Indians for whom the United States held property in Indian trust or restricted status. The old designation of that office was inadvertently used in the final rule published July 14, 1987 (52 FR 26344).

EFFECTIVE DATE: August 13, 1987.

FOR FURTHER INFORMATION CONTACT: Bruce A. Johnson, Deputy Director, Office of Hearings and Appeals, 4015 Wilson Blvd., Arlington, VA 22203; Telephone (703) 235–3810 (not toll free).

Dated: September 15, 1987.

Earl Gjelde,

Chief Operating Officer.

September 17, 1987.

43 CFR Part 4 is corrected as follows:

PART 4—[AMENDED]

1. Section 4.236(b) is correctly revised to read as follows:

§ 4.236 Record.

* * * * *

(b) The administrative law judge shall lodge the original record with the designated Land Titles and Records Office in accordance with 25 CFR Part 150. A duplicate copy shall be lodged with the Superintendent originating the probate. A partial record may also be furnished to the Superintendents of other affected agencies. In those cases in which a hearing transcript has not been prepared, the verbatim recording of the hearing shall be retained in the office of the administrative law judge issuing the decision until the time allowed for rehearing or appeal has expired. In cases in which a transcript is not prepared, the original record returned to the Land Titles and Records Office shall contain a statement indicating no transcript was prepared.

* * * * *

2. Section 4.320(c) is correctly revised to read as follows:

§ 4.320 Who may appeal; scope of review.

* * * * *

(c) *Action by administrative law judge; record inspection.* The administrative law judge, upon receiving a copy of the notice of appeal, shall notify the Superintendent concerned to return the duplicate record filed under §§ 4.236(b) and 4.241(d), or under § 4.242(f), to the Land Titles and Records Office designated under § 4.236(b). The duplicate record shall be conformed to the original by the Land Titles and Records Office and shall thereafter be available for inspection either at the Land Titles and Records Office or at the office of the Superintendent. In those cases in which a transcript of the hearing was not prepared, the administrative law judge shall have a transcript prepared which shall be forwarded to the Board within 30 days from receipt of a copy of the notice of appeal.

3. Section 4.323 is correctly revised to read as follows:

§ 4.323 Disposition of the record.

Subsequent to a decision of the Board, other than remands, the record filed with the Board and all documents added during the appeal proceedings, including any transcript prepared because of the appeal and the Board's decision, shall be forwarded by the Board to the Land Titles and Records Office designated under § 4.236(b). Upon receipt of the record by the Land Titles and Records Office, the duplicate record required by § 4.320(c) shall be conformed to the original and forwarded to the Superintendent concerned.

[FR Doc. 87-21813 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-79-M

Proposed Rules

Federal Register
Vol. 52, No. 183
Tuesday, September 22, 1987

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 250

Oil, Gas, and Sulphur Operations in the Outer Continental Shelf; Documents Incorporated by Reference; List Update

AGENCY: Minerals Management Service, Interior.

ACTION: Further notice of proposed rulemaking.

SUMMARY: The proposed rule would update the list of specific editions of documents incorporated by reference in § 250.1, *Documents incorporated by reference*, which was published in the Federal Register on March 18, 1986 (51 FR 9316), as part of the proposed Consolidated Offshore Operating Rules (COOR). This proposal would eliminate references or update references by replacing them with editions of documents that have superseded those listed previously. Proposed § 250.1 would also incorporate by reference additional documents suggested to the Minerals Management Service (MMS) as a result of its March 1986 request for comments on COOR.

DATES: Comments must be hand-delivered or postmarked no later than October 22, 1987.

ADDRESSES: Written comments must be mailed or hand-delivered to the Department of the Interior; Minerals Management Service; 12203 Sunrise Valley Drive; Mail Stop 646, Room 6A110; Reston, Virginia 22091; Attention: Gerald D. Rhodes.

FOR FURTHER INFORMATION CONTACT: Gerald D. Rhodes, telephone (703) 648–7816 or (FTS) 959–7816.

SUPPLEMENTARY INFORMATION:

The MMS published a notice of proposed rulemaking in the Federal Register on March 18, 1986 (51 FR 9316), which would consolidate all the rules governing oil, gas, and sulphur lease operations in the Outer Continental Shelf (OCS) into one comprehensive set of regulations. Under this proposal, current requirements would be comibined into a revised and restructured Part 250 of Title 30 of the Code of Federal Regulations. The proposed rule was organized into 14 subparts with each subpart concentrating on a specific subject matter.

The March 18, 1986, proposed rule incorporated, by reference, numerous documents developed by various standard writing groups which were listed in Subpart A at § 250.1, Documents incorporated by reference. References to these documents are incorporated at various locations in 5 of the 14 proposed subparts. The list of documents in § 250.1 identifies the edition of the document and specifies where a copy of the document may be obtained and where the document in incorporated by reference in MMS regulation.

During the time that has elapsed since the preparation of proposed § 250.1, several of the documents incorporated by reference have been superseded by later editions or other authoritative documents.

The MMS is publishing this notice of proposed rulemaking to update the identification of specific editions of documents that are incorporated by reference. This updated provision includes some documents which either were not included in the proposed rule or are later editions of documents which were included. For the convenience of the reader, documents incorporated by reference in this document, which were not incorporated by reference in the March 18, 1986, proposed rule, are marked with an asterick "*", and documents that are later editions are marked with two astericks "**".

The specific paragraphs listed in this proposed rule refer to those paragraphs which incorporated documents by reference in the March 18, 1986, proposal. The specific location where a document is referenced may be different in the final rule due to organizational changes in the rule which were made as a result of comments received in response to the March 18, 1986, proposal.

Executive Order 12291

Since the major purpose of the proposed rule is to reduce or eliminate unnecessary burdens on lessees, its implementation, as proposed, is expected to reduce lessees' operating costs. Implementation of the proposed rule is not expected to cause an increase in costs or prices to consumers, other industries, or governmental entities and, in fact, could cause a slight decrease as cost savings might be passed on.

The Department of the Interior (DOI) has determined that this document does not constitute a major rule under Executive Order 12291; and therefore, a Regulatory Impact Analysis is not required.

Regulatory Flexibility Act

The DOI has also determined that this document will not have a significant economic effect on a substantial number of small entities because, in general, the entities that engage in activities offshore are not considered small due to the technical complexities and financial resources necessary to conduct such activities.

Paperwork Reduction Act

The information collection requirements contained in proposed 30 CFR Part 250 have been either approved by or submitted to OMB for approval under 44 U.S.C. 3504(h).

Authors

The principal authors of this document are John Mirabella and Mario Rivero, Offshore Rules and Operations Division, MMS.

List of Subjects in 30 CFR Part 250

Continental shelf, Environmental impact statements, Environmental protection, Government contracts, Investigations, Oil and gas exploration, Penalties, Pipelines, Public lands-mineral resources, Reporting and recordkeeping requirements.

Date: August 28, 1987.

David W. Crow,

Acting Director, Minerals Management Service.

For the reasons set forth in the preamble, Part 250 of Title 30 of the Code of Federal Regulations which was proposed to be revised on March 18, 1986 (51 FR 9316), would be amended as follows:

PART 250—[AMENDED]

1. The authority citation for Part 250 continues to read as follows:

Authority: Sec. 204, Pub. L. 95–372, 92 Stat. 629 (43 U.S.C. 1331).

2. Section 250.1 is revised to read as follows:

§ 250.1 Documents incorporated by reference.

The documents listed below are incorporated by reference as requirements in this part. The Director of the **Federal Register** approved the incorporation by reference of these documents on [Insert date of **Federal Register** approval]. These documents are incorporated as they exist on the date of the approval, and a notice of any change in these documents will be published as a rule change in the **Federal Register**. Each document or specific portion thereof is incorporated by reference in the corresponding sections noted. The entire document is incorporated by reference unless the text of the corresponding sections calls for compliance with specific portions of the listed documents. In each instance, the applicable document is the specific edition and/or its supplement which is cited in this section. In accordance with § 250.3, Performance requirements, the lessee may comply with a later edition of a specific document incorporated by reference, provided the lessee can demonstrate that compliance with the later edition provides a degree of protection, safety, or performance equal to or better than that which would be achieved by compliance with the listed edition and provided the lessee obtains prior written approval of the Regional or District Supervisor, as appropriate, for such alternative compliance. The list includes the name and address of at least one organization from which the document may be purchased. In order to facilitate correlation of the text of the corresponding sections with the list of documents incorporated by reference, the documents are listed in alphanumerical order.

(a) *American Concrete Institute (ACI) Document.* The ACI documents listed in this paragraph may be purchased from the American Concrete Institute, P.O. Box 19150, Detroit, Michigan 48219–0150

ACI Standard 318–83, Building Code Requirements for Reinforced Concrete, plus Supplement and Commentary, 1983, Incorporated by Reference at: § 250.138 (b)(4)(i), (b)(6)(i), (b)(7), (b)(8)(i), (b)(9), (b)(10), (c)(3)(ii), (d)(1)(v), (d)(5), (d)(6), (d)(7), (d)(8), (d)(9), (e)(1)(i), and (e)(2)(i).

*ACI Standard 357–R–84 Guide for the Design and Construction of Fixed Offshore Concrete Structures, 1984, Incorporated by Reference at: §§ 250.130 and 250.138.

(b) *American Institute of Steel Construction (AISC) Document.*

The AISC document listed in this paragraph may be purchased from the American Institute of Steel Construction, Inc., P.O. Box 4588, Chicago, Illinois 60680.

AISC Standard S326, Specification for the Design, Fabrication, and Erection of Structural Steel for Buildings, 1978 Edition, Incorporated by Reference at: § 250.137(b)(1)(ii), (c)(4)(ii), and (c)(4)(vii).

(c) *American National Standards Institute/American Society of Mechanical Engineers (ANSI/ASME) Documents.* The ANSI/ASME documents listed in this paragraph may be purchased from the American National Standards Institute, Attention: Sales Department, 1430 Broadway, New York, New York 10018, and from the American Society of Mechanical Engineers, United Engineering Center, 345 East 47th Street, New York, New York 10017.

ANSI/ASME Boiler and Pressure Vessel Code, Section I, Power Boilers, 1983 Edition, Incorporated by Reference at: § 250.123(b)(1).

ANSI/ASME Boiler and Pressure Vessel Code, Section IV, Heating Boilers, 1983 Edition, Incorporated by Reference at: § 250.123(b)(1).

ANSI/ASME Boiler and Pressure Vessel Code, Section VIII, Pressure Vessels, 1983 Edition, Incorporated by Reference at: § 250.123(b)(1).

*ANSI/ASME B 31.8–1986, Gas Transmission and Distribution Piping Systems, Incorporated by Reference at: § 250.152 (a) and (b).

ANSI/ASME SPPE–1–1985, Quality Assurance and Certification of Safety and Pollution Prevention Equipment Used in Offshore Oil and Gas Operations, Incorporated by Reference at: §§ 250.121(b) and 250.126.

*ANSI B 16.5–1981, Pipe Flanges and Flanged Fittings, Incorporated by Reference at: §§ 250.150(a) and 250.152(d)

ANSI Z88.2–1980, Practices for Respiratory Protection, Incorporated by Reference at: § 250.67(h)(2)(iv) and (6)(i).

(d) *American Petroleum Institute (API) Documents.* The API documents listed in this paragraph may be purchased from the American Petroleum Institute, Production Department, 211 N. Ervay, Suite 1700, Dallas, Texas 75201, or American Petroleum Institute, 1220 L Street, NW., Washington, DC 20005.

*API RP 2A, Recommended Practice for Planning, Designing, and Constructing Fixed Offshore Platforms, Seventeenth Edition, April 1, 1987, API Stock No. 811–00200, Incorporated by Reference at: § 250.130.

API RP 2D, Recommended Practice for Operation and Maintenance of Offshore Cranes, Second Edition, June 20, 1984, API Stock No. 811–00500, Incorporated by Reference at: § 250.51(g).

**API RP T–2, Recommended Practice for Qualification Programs for Offshore Production Personnel Who Work with Anti-Pollution Safety Devices, Revised October 1975, API Stock No. 811–13710, Incorporated by Reference at: § 250.125 (a) and (c).

*API Spec 6A, Specification for Wellhead Equipment, Fifteenth Edition, April 1986, with Supplement 1, December 1986, API Stock No. 811–03100, Incorporated by Reference at: § 250.152(c).

*API Spec 6D, Specification for Pipeline Valves, End Closures, Connectors and Swivels, Eighteenth Edition, January 1982, with Supplement 3, July 1985, API Stock No. 811–03200, Incorporated by Reference at: § 250.152(c).

*API Spec 14A, Specification for Subsurface Safety Valve Equipment, Sixth Edition, April 30, 1984, with Supplement 2, June 1986, Incorporated by Reference at: § 250.121(b).

*API RP 14B, Recommended Practice for Design, Installation, and Operation of Subsurface Safety Valve Systems, Second Edition, November 1981, with Supplement 3, June 1986, Incorporated by Reference at: §§ 250.121(e)(4) and 250.124(a)(1)(i).

**API RP 14C, Recommended Practice for Analysis, Design, Installation and Testing of Basic Surface Safety Systems on Offshore Production Platforms, Fourth Edition, September 1986, API Stock No. 811–07180, Incorporated by Reference at: §§ 250.122 (b) and (e)(2); 250.123(b) (2)(i), (4), (5)(i), (7), and (9)(v); 250.124 (a) and (a)(5); and 250.152(e).

*API Spec 14D, Specification for Wellhead Surface Safety Valves and Underwater Safety Valves for Offshore Service, Sixth Edition, April 1984, API Stock No. 811–07183, Incorporated by Reference at: not yet decided.

API RP 14E, Recommended Practice for Design and Installation of Offshore Production Platform Piping Systems, Fourth Edition, April 1984, API Stock No. 811–07185, Incorporated by Reference at: § 250.122(e)(3).

**API RP 14F, Recommended Practice for Design and Installation of Electrical Systems for Offshore Production Platforms, Second Edition, July 1985, API Stock No. 811–07190, Incorporated by Reference at: §§ 250.53(c) and 250.123(b)(9)(v).

**API RP 14G, Recommended Practice for Fire Prevention and Control on Open Type Offshore Production Platforms, Second Edition, May 1986, API Stock No. 811–07194, Incorporated by Reference at: § 250.123(b) (8) and (9)(v).

*API RP 14H, Recommended Practice for Use of Surface Safety Values and Underwater Safety Values Offshore, Second Edition, April 1984, Incorporated by Reference at: § 250.122(d).

*API RP 500B, Recommended Practice for Classification of Areas for Electrical Installations at Drilling Rigs and Production Facilities on Land and on Marine Fixed and Mobile Platforms, Second Edition, July 1973, and Supplement 2, May 1981, API Stock No. 811–06000, Incorporated by Reference at: §§ 250.53(b), 250.122(e)(4), and 250.123(b)(9)(i).

API Standard 2545, USA Standard Method of Gaging Petroleum and Petroleum Products, October 1965, also ANSI/ASTM D 1085, API Stock No. 852–25450, Incorporated by Reference at: § 250.180(f)(2)(ii)(B).

API Standard 2550, Method for Measurement and Calibration of Upright Cylindrical Tanks, October 1965, also ANSI/ASTM D 1220, API Stock No. 852–25500, Incorporated by Reference at: § 250.180(f)(2)(ii)(A).

API Standard 2551, Method for Measurement and Calibration of Horizontal Tanks, First Edition, 1965, also ANSI/ASTM D 1410, API Stock No. 852–25510, Incorporated by Reference at: § 250.180(f)(2)(ii)(A).

API Standard 2552, Measurement and Calibration of Spheres and Spheroids, First Edition, 1966, also ANSI/ASTM D 1408, API Stock No. 852–25520, Incorporated by Reference at: § 250.180(f)(2)(ii)(A).

API Standard 2555, Method for Liquid Calibration of Tanks, First Edition, September 1966, also ANSI/ASTM D 1406–65, API Stock No. 852–25550, Incorporated by Reference at: § 250.180(f)(2).

API RP 2556, Recommended Practice for Correcting Gage Tables for Incrustation, First Edition, August 1968, API Stock No. 852–25560, Incorporated by Reference at: § 250.180(f)(2).

The following chapter and section citations refer to the API Manual of Petroleum Measurement Standards:

*Chapter 4, Proving Systems, First Edition, May 1978, also ANSI/API MPMS 4–1978, API Stock No. 852–30080, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 5.1, Foreward, General Considerations, and Scope of Metering, First Edition, November 1976, also ANSI/API MPMS 5.1–1976, API Stock No. 852–30101, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 5.2, Measurement of Liquid Hydrocarbons by Displacement Meter Systems, First Edition, January 1977, also ANSI/API MPMS 5.2–1977, API Stock No. 852–30102, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 5.3, Turbine Meters, First Edition, July 1976, API Stock No. 852–30103, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 5.4, Instrumentation or Accessory Equipment for Liquid Hydrocarbon Metering Systems, First Edition, July 1976, also ANSI/API MPMS 5.4–1976, API Stock No. 852–30104, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 5.5, Fidelity and Security of Flow Measurement Pulsed-Data Transmission Systems, First Edition, June 1982, API Stock No. 852–30105, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 6.1, LACT Systems, First Edition, February 1981, also ANSI/API MPMS 6.1–1981, API Stock No. 852–30121, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 6.6, Pipeline Metering Systems, First Edition, August 1981, also ANSI/API MPMS 6.6–1981, API Stock No. 852–30126, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 6.7, Metering Viscous Hydrocarbons, First Edition, January 1981, also ANSI/API MPMS 6.7–1981, API Stock No. 852–30127, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 7.2, Dynamic Temperature Determination, First Edition, June 1985, API Stock No. 852–30142, Incorporated by Reference at: § 250.180(c)(6).

*Chapter 7.3, Static Temperature Determination Using Portable Electronic Thermometers, First Edition, June 1985, Incorporated by Reference at: § 250.180(c)(6).

Chapter 8.1, Manual Sampling of Petroleum and Petroleum Products, First Edition, October 1981, also ANSI/ASTM D 4057, API Stock No. 852–30161, Incorporated by Reference at: § 250.180(c)(6)(ii)(A) and (f)(2)(ii)(C).

Chapter 8.2, Automatic Sampling of Petroleum and Petroleum Products, First Edition, April 1983, also ANSI/ASTM D 4177, API Stock No. 852–30162, Incorporated by Reference at: § 250.180(c)(6)(ii)(A) and (f)(2)(ii)(C).

Chapter 9.1, Hydrometer Test Method for Density, Relative Density (Specific Gravity), or API Gravity of Crude Petroleum and Liquid Petroleum Products, First Edition, June 1981, also ANSI/ASTM D 1298, API Stock No. 852–30181, Incorporated by Reference at: § 250.180(c)(6)(ii)(B) and (f)(2)(ii)(D).

Chapter 9.2, Pressure Hydrometer Test Method for Density or Relative Density, First Edition, April 1982, API Stock No. 852–30182, Incorporated by Reference at: § 250.180(c)(6)(ii)(B) and (f)(2)(ii)(D).

Chapter 10.1, Determination of Sediment in Crude Oils and Fuel Oils by the Extraction Method, First Edition, April 1981, also ANSI/ASTM D 473, API Stock No. 852–30201, Incorporated by Reference at: § 250.180(c)(6)(ii)(C) and (f)(2)(ii)(E).

Chapter 10.2, Determination of Water in Crude Oil by Distillation, First Edition, April 1981, also ANSI/ASTM D 4006, API Stock No. 852–30202, Incorporated by Reference at: § 250.180(c)(6)(ii)(C) and (f)(2)(ii)(E).

Chapter 10.3, Determination of Water and Sediment in Crude Oil by the Centrifuge Method (Laboratory Procedure), First Edition, April 1981, also ANSI/ASTM D 4007, API Stock No. 852–30203, Incorporated by Reference at: § 250.180(c)(6)(ii)(C) and (f)(2)(ii)(E).

Chapter 10.4, (Publ 2542), Methods of Test for Water and Sediment in Crude Oils, October 1970, also ANSI/ASTM D 96/68, API Stock No. 825–30204, Incorporated by Reference at: § 250.180(c)(6)(ii)(C) and (f)(2)(ii)(E).

Chapter 11.1, Volume I, August 1980, Table 5A—Generalized Crude Oils Correction of Observed API Gravity to API Gravity at 60 °F, and Table 6A—Generalized Crude Oils, Correction of Volume to 60 °F Against API Gravity at 60 °F, API Stock No. 852–27000, Incorporated by Reference at: § 250.180(c)(6)(ii)(D), (d)(3)(v)(B), and (f)(2)(ii)(F).

* Chapter 11.2.1, Compressibility Factors for Hydrocarbons: 0–90° API Gravity Range, First Edition, August 1984, API Stock No. 852–27300, Incorporated by Reference at: § 250.180(c)(6).

* Chapter 11.2.2, Compressibility Factors for Hydrocarbons: 0.350–637 Relative Density (60 °F/60 °F) and ×50°F to 140°F Metering Temperature, Second Edition, October 1986, also GPA 8286-86 API, Stock No. 852–27307, Incorporated by Reference at: § 250.180(c)(6).

* Chapter 11.2.3, Water Calibration of Volumetric Provers, First Edition, 1984, API Stock No. 852–27310, Incorporated by Reference at: § 250.180(c)(6)

Chapter 12.2, Calculation of Liquid Petroleum Quantities Measured by Turbine or Displacement Meters, First Edition, September 1981, also ANSI/API MPMS 12.2—1981, API Stock No. 852–30302, Incorporated by Reference at: § 250.180(d)(3)(v)(C).

Chapter 14.3 Orifice Metering of Natural Gas and other Related Hydrocarbon Fluids, Second Edition, September 1985, also ANSI/API 2530, API Stock No. 852–30343, Incorporated by Reference at: § 250.181(d)(1).

Chapter 14.5, Calculation of Gross Heating Value, Specific Gravity, and Compressibility of Natural Gas Mixtures from Compositional Analysis, January 1981, also AGA 2172 and ANSI/API MPMS 14.5–1981, API Stock No. 852–30345, Incorporated by Reference at: § 250.181(d)(1).

Chapter 14.6 Installing and Proving Density Meters, September 1979, API Stock No. 852–30346, Incorporated by Reference at: § 250.181(d)(1).

* Chapter 14.8, Liquefied Petroleum Gas Measurements, February 1983, API Stock No. 852–30348, Incorporated by Reference at: § 250.181(d).

(e) *American Society for Testing and Materials (ASTM) Documents.* The ASTM documents listed below may be purchased from the American Society for Testing and Materials, 1916 Race Street, Philadelphia, Pennsylvania 19103–1187.

** ASTM Standard C33–86, Specification for Concrete Aggregates, 1986, Incorporated by Reference at: § 250.138(b)(4)(i).

** ASTM Standard C94–86e, Specification for Ready-Mixed Concrete, 1986, Incorporated by Reference at: § 250.138(e)(2)(i).

** ASTM Standard C150–86, Specification for Portland Cement, 1986, Incorporated by Reference at: § 250.138(b)(2)(i).

** ASTM Standard 330–87, Specification for Lighweight Aggregates for Structural Concrete, 1987, Incorporated by Reference at: § 250.138(b)(4)(i).

** ASTM Standard C595–86, Specification for Blended Hydraulic Cements, 1986 Incorporated by Reference at: § 250.138(b)(2)(i)

(f) *American Welding Society (AWS) Documents.* The AWS documents listed in this paragraph may be purchased form the American Welding Society, P.O. Box 351040, Miami, Florida 33135.

** D1.–86, Structural Welding Code—Steel, 1986, Incorporated by Reference at: § 250.137(b)(1)(i).

D1.4–79, Structural Welding Code—Reinforcing Steel, 1979, Incorporated by Reference at: § 250.138(e)(3)(ii).

(g) *National Association of Corrosion Engineers (NACE) Documents.* The NACE documents listed in this paragraph may be purchased from the National Association of Corrosion Engineers, P.O. Box 218340, Houston, Texas 77218.

NACE Standard MR–01–75, Material Requirement, Sulfide Stress Cracking

Resistant Metallic Material for Oil Field Equipment (1984 Revision). Supplement 1 issued January 1985, Supplement 2 issued February 1985, Supplement 3 issued March 1985, Supplement 4 issued May 1985, Supplement 5 issued July 1985, Supplement 6 issued August 1985, Supplement 7 issued February 1986, and Supplement 8 issued September 1986, Incorporated by Reference at: § 250.67 (1)(1), (1)(2), (1)(3), and (1)(6).

NACE Standard RP-01-76 (1983 Revision), Recommended Practice, Corrosion Control of Steel, Fixed Offshore Platforms Associated with Petroleum Production Incorporated by Reference at: § 250.137(d)

[FR Doc. 87-21674 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-MR-M

DEPARTMENT OF THE TREASURY

31 CFR Part 103

Reporting Requirements of United States Postal Service

AGENCY: Departmental Offices, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: Treasury is proposing to place the United States Postal Service under the reporting requirements of the Bank Secrecy Act with respect to cash purchases of postal money orders exceeding $10,000, in response to the problem of drug money laundering through the purchase of postal money orders.

DATES: Deadline for comments: October 22, 1987.

ADDRESSES: Send comments to: Jonathan J. Rusch, Director, Office of Financial Enforcement, Office of the Assistant Secretary (Enforcement), Department of the Treasury, Room 4320, 1500 Pennsylvania Avenue NW., Washington, DC 20220.

FOR FURTHER INFORMATION CONTACT: Jonathan J. Rusch, Director, Office of Financial Enforcement, Office of the Assistant Secretary (Enforcement), Department of the Treasury, Room 4320, 1500 Pennsylvania Avenue NW., Washington, DC 20220, (202) 566-8022.

SUPPLEMENTARY INFORMATION: The Bank Secrecy Act, Pub. L. No. 91-508, as amended (codified at 31 U.S.C. 5311-5324, 12 U.S.C. 1829b, and 12 U.S.C. 1951-1959), empowers the Secretary of the Treasury to require "financial institutions," as defined in 31 U.S.C. 5312, to keep records and file reports that the Secretary of the Treasury determines have a high degree of usefulness in criminal, tax, or regulatory matters. See 31 U.S.C. 5311. The Secretary shall prescribe by regulation which "financial institutions" described in section 5312 will be required to report on their cash transactions.

Section 1362(a) of the Anti-Drug Abuse Act of 1986, Pub. L. 99-570 (October 27, 1986), amended 31 U.S.C. 5312 to include the Postal Service in the definition of "financial institutions" under the Bank Secrecy Act. This measure followed testimony before the House Committee on Banking, Finance and Urban Affairs by a "smurf," or drug money launderer, who testified that he had successfully laundered money by converting the cash proceeds of drug sales into Postal money orders in Miami, Florida. The money launderer had taken advantage of the fact that a postal customer could buy an unlimited number of money orders at one time and that the Postal Service was not required to report cash transactions over $10,000 to Treasury under the Bank Secrecy Act, as are banks and other specified financial institutions.

At the same time this problem was being considered by Congress, the Department of the Treasury, through the Criminal Investigation Division of the Internal Revenue Service, concluded that the practice of drug money laundering through postal money orders was not confined to Miami. After review of the situation and discussions between Treasury and the Postal Service, the Postal Service has proposed to limit to $10,000 the amount of postal money orders any customer may purchase during one day. See 52 FR 27992, July 27, 1987. While Treasury commends this action, Treasury has determined this voluntary measure on the part of the Postal Service does not obviate the need for Treasury to designate the Postal Service as a financial institution subject to the requirements of the Bank Secrecy Act. For example, in order to prosecute a money launderer under section 5324 of Title 31, United States Code, which prohibits "structuring" of transactions to avoid a reporting requirement under the Bank Secrecy Act, the financial institution through which a money launderer structures transactions must itself be subject to Bank Secrecy Act reporting.

Therefore, Treasury proposes to put the United States Postal Service under the reporting requirements of the Bank Secrecy Act and its implementing regulations. This would be accomplished by including the U.S. Postal Service within the definition of "financial institution" in 31 CFR 103.11, and by adding a new paragraph in §103.22(a) to require that the Postal Service file a report of each cash purchase of money orders in excess of $10,000. Multiple cash purchases totaling more than $10,000 shall be treated as a single transaction if the Postal Service has knowledge that they are by or on behalf of any person during any one day. "Knowledge," as used in the proposal, clearly includes the concept of "willful blindness" as well. See *United States* v. *Jewell*, 532 F.2d 697 (9th Cir.), *cert. denied*, 426 U.S. 951 (1976). This concept applies to a person who has deliberately avoided positive knowledge; that is, "if a person has his suspicion aroused but then deliberately omits to make further inquiries, because he wishes to remain in ignorance, he is deemed to have knowledge." *Jewell* at 700.

Executive Order 12291

This proposed rule, if adopted, would not be a major rule for purposes of Executive Order 12291. It is not anticipated to have an annual effect on the economy of $100 million or more. It will not result in a major increase in costs or prices for consumers, individual industries, Federal, state, or local government agencies, or geographic regions. It will not have any significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or foreign markets. A Regulatory Impact Analysis therefore is not required.

Regulatory Flexibility Act

It is hereby certified under section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., that this rule, if adopted, will not have a significant economic impact on a substantial number of small entities.

Drafting Information

The principal author of this document is the Office of the Assistant General Counsel (Enforcement). However, personnel from other offices participated in its development.

Comments

Treasury requests comments from all interested persons concerning the proposed amendments. All comments received before the closing date will be carefully considered. Comments received after the closing date and too late for consideration will be treated as possible suggestions for future action. The Treasury Department will not recognize any materials or comments, including the name of any person submitting comments, as confidential. Any material not intended to be disclosed to the public should not be included in the comments. All comments submitted will be available for public

inspection during the hours that the Treasury Library is open to the public. The Treasury Library is located in Room 5030, 1500 Pennsylvania Avenue, NW., Washington, DC. Appointments must be made to view the comments. Persons wishing to view the comments submitted should contact the Office of Financial Enforcement at the number listed above.

List of Subjects in 31 CFR Part 103

Authority delegations (Government agencies), Banks, Banking, Currency, Foreign banking, Investigations, Law enforcement, Reporting and recordkeeping requirements, Taxes.

Proposed Amendment

For the reasons set forth in the preamble, 31 CFR Part 103 is proposed to be amended as set forth below:

PART 103—FINANCIAL RECORDKEEPING AND REPORTING OF CURRENCY AND FOREIGN TRANSACTIONS

1. The authority citation for Part 103 would continue to read as follows:

Authority: Pub. L. 91–508, Title I, 84 Stat. 1114 (12 U.S.C. 1829b and 1951–1959); and the Currency and Foreign Transactions Reporting Act, Pub. L. 91–508, Title II, 84 Stat. 1118, as amended (31 U.S.C. 5311–5324).

2. It is proposed to amend § 103.11 by adding a new paragraph (g)(9) to read as follows:

§ 103.11 Meaning of terms.

* * * * *

(g) *Financial Institution.* * * *

(9) The United States Postal Service with respect to the sale of money orders.

* * * * *

3. It is proposed to further amend § 103.11 by adding at the end the following paragraph (r):

§ 103.11 Meaning of terms.

* * * * *

(r) *Postal Service.* The United States Postal Service.

4. It is proposed to revise the first sentence of § 103.22(a)(1) as follows:

§ 103.22 Reports of currency transactions.

(a)(1) Each financial institution other than a casino or the Postal Service shall file a report of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to such financial institution which involves a transaction in currency of more than $10,000. * * *

* * * * *

5. It is proposed to further amend § 103.22(a) by redesignating paragraph (a)(3) as paragraph (a)(4) and adding a new paragraph (a)(3) to read as follows:

§ 103.22 Reports of currency transactions.

(a) * * *

(3) The Postal Service shall file a report of each cash purchase of postal money orders in excess of $10,000. Multiple cash purchases totalling more than $10,000 shall be treated as a single transaction if the Postal Service has knowledge that they are by or on behalf of any person during any one day.

* * * * *

Dated: August 13, 1987.

Francis A. Keating II,

Assistant Secretary (Enforcement).

[FR Doc. 87–21754 Filed 9–21–87; 8:45 am]

BILLING CODE 4810-25-M

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 20

Availability of Draft Supplemental Environmental Impact Statement for Issuance of Annual Regulations Permitting Sport Hunting of Migratory Birds

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of availability.

SUMMARY: This notice advises the public that a Draft Supplemental Environmental Impact Statement for the Issuance of Annual Regulations Permitting the Sport Hunting of Migratory Birds (SEIS 87) is available for public review. Comments and suggestions are requested.

FOR FURTHER INFORMATION CONTACT: Dr. Rollin D. Sparrowe, Chief, Office of Migratory Bird Management, U.S. Fish and Wildlife Service, Department of the Interior, Washington, DC 20240, (202–254–3207).

ADDRESSES: Copies of the Draft Statement can be obtained by writing to Director (FWS/MBMO), U.S. Fish and Wildlife Service, Washington, DC 20240, or by visiting the Office of Migratory Bird Management, U.S. Fish and Wildlife Service, Room 536 Matomic Building, 1717 H Street NW., Washington, DC 20240. Written comments can be sent to the same address. Comments may be presented in person at public hearings to be held at: Washington, DC, the Department of the Interior Auditorium, 18th and C Streets NW., on November 19, 1987, 9:00 a.m. (contact John Tautin (202–254–3207) for details); St. Louis, Missouri, the Stouffer Concourse Hotel, 9801 Natural Bridge Road, on November 19, 1987, 7:00 p.m. (contact Stephen Lewis (612–725–3313) for details); Lakewood, Colorado, the Sheraton Hotel, 360 Union Boulevard, November 17, 1987, 7:00 p.m. (contact Robert Croft (303–236–8152) for details); Sacramento, California, the Ramada Inn, 1900 Canterbury Road, on November 19, 1987, 7:00 p.m. (contact Richard Bauer (503–231–6164) for details).

DATE: Written comments are requested by December 31, 1987.

SUPPLEMENTARY INFORMATION: The Fish and Wildlife Service (Service) announced its intention to supplement its 1975 Final Environmental Statement for the Issuance of Annual Regulations Permitting the Sport Hunting of Migratory Birds (FES 75) on July 31, 1986 (51 FR 27430). FES 75 has served as the programmatic foundation for annual migratory bird hunting regulations. SEIS 87 updates technical material in FES 75 and, in view of changes occurring since 1975, considers new approaches (alternatives) in issuing annual regulations. The proposed action of SEIS 87 is the same at that of FES 75, i.e. to continue issuing annual migratory bird hunting regulations. The Service's preferred alternative is to stabilize the so-called "framework" regulations (season lengths and daily bag limits) for fixed periods of time and to control the use of "special" regulations (e.g., bonus bags, special seasons). SEIS 87 presents detailed information on migratory bird hunting regulations and on the current status of migratory bird populations.

Dated: September 14, 1987.

Frank M. Dunkle,

Director, U.S. Fish and Wildlife Service.

[FR Doc. 87–21835 Filed 9–21–87; 8:45 am]

BILLING CODE 4310-55-M

Notices

Federal Register
Vol. 52, No. 183
Tuesday, September 22, 1987

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

Meeting; Committee on Rulemaking

SUMMARY: Pursuant to the Federal Advisory Committee Act (Pub. L. 92–463), notice is hereby given of a meeting of the Committee on Rulemaking of the Administrative Conference of the United States. The committee has scheduled this meeting to consider the Administrative Conference study of OSHA rulemaking procedures and future projects.

DATE: Monday, October 5, 1987, at 2:00 p.m.

Location: Library of the Administrative Conference, 2120 L Street, NW., Suite 500, Washington, DC.

Public Participation: The committee meeting is open to the interested public, but limited to the space available. Persons wishing to attend should notify the contact person at least two days prior to the meeting. The committee chairman may permit members of the public to present oral statements at the meeting. Any member of the public may file a written statement with the committee before, during, or after the meeting. Minutes of the meeting will be available on request.

FOR FURTHER INFORMATION CONTACT: Michael W. Bowers, Office of the Chairman, Administrative Conference of the United States, 2120 L Street, NW., Suite 500, Washington, DC 20037. Telephone: (202) 254–7065.

Dated: September 18, 1987.

Jeffrey S. Lubbers,

Research Director.

FR Doc. 87–21910 Filed 9–21–87; 8:45 am]

BILLING CODE 6110–01–M

DEPARTMENT OF AGRICULTURE

National Commission on Dairy Policy; Advisory Committee Meeting

Pursuant to provisions of section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92–463), a notice is hereby given of the following committee meetings.

Name: National Commission on Diary Policy.

Time and place: Beginning at 8:00 a.m. on October 5 at the Washington Blvd., Arlington, Virginia.

Status: Open.

Matters to be considered: On October 5 and 6, the Commission will meet to consider issues related to the dairy price support program, new dairy technologies, and the influence of the program and technologies on the family farm. The meeting on October 5 is expected to include presentations concerning dairy programs in other nations and the potential applicability of any features of those programs to the U.S. dairy program. The meeting on October 6 is expected to include discussions of methods by which milk support prices might be set.

Written statements may be filed before or after the meeting with: Contact person named below.

Contact person for more information: Mr. T. Jeffrey Lyon, Assistant Director, National Commission on Dairy Policy, 1401 New York Ave., NW, Suite 1100, Washington, DC 20005, (202) 638–6222.

Signed at Washington, DC., this 14th day of September 1987.

David R. Dyer,

Executive Director, National Commission on Dairy Policy.

[FR Doc. 87–21781 Filed 9–21–87; 8:45 am]

BILLING CODE 3410–05–M

Federal Crop Insurance Corporation

Board of Directors; Meeting

AGENCY: Federal Crop Insurance Corporation (FCIC).

ACTION: Notice of meeting.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) hereby gives notice that a meeting of the Board of Directors has been scheduled as follows:

Date: October 9, 1987.

Time: 9:00 A.M.

Place: Room 4045–S, 4th Floor, South Building, U.S. Department of Agriculture, Washington, DC 20250.

Dated: September 15, 1987.

Peter F. Cole,

Secretary, to the Board of Directors, Federal Crop Insurance Corporation.

[FR Doc. 87–21776 Filed 9–21–87; 8:45 am]

BILLING CODE 3410–08–M

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Endangered Species; Application for Permit; Georgia Department of Natural Resources (P403)

Notice is hereby given that an Applicant has applied in due form for a Permit to take endangered species as authorized by the Endangered Species Act of 1973 (16 U.S.C. 1531–1543), and National Marine Fisheries Service regulations governing endangered fish and wildlife permits (50 CFR Parts 217–222).

1. Applicant: a. Georgia Department of Natural Resources, Coastal Resources Division, 1200 Glynn Avenue, Brunswick, Georgia 31523–9990.

2. Type of Permit: Scientific Research.

3. Names of Marine Mammals:

Loggerhead sea turtle (*Caretta caretta*)
Leatherback sea turtle (*Dermochelys coriacea*)
Kemp's Atlantic ridley sea turtle (*Lepiodochelys kempi*)
Green sea turtle (*chelonia mydas*)
Hawksbill sea turtle (*Eretmochelys imbricata*)
Shortnose sturgeon (*Acipenser brevirostrum*)

4. Summary of Activity: An unspecified number of sea turtles captured incidentally during agency monitoring and assessment of commercially and recreationally important fish stocks will be immediately removed from sampling gear, identified, sexed, measured, tagged with metal monel tags in the front flippers, and released in area of capture.

An unspecified number of shortnose sturgeon captured during gill netting activities will be identified, measured, and released with monel tags attached to the dorsal fin.

5. Location of Activity: Georgia waters.

6. Period of Activity: 3 years.

Written data or views, or requests for a public hearing on this application should be submitted to the Assistant Administrator for Fisheries, National Marine Fisheries Service, U.S. Department of Commerce, Washington, DC 20235, within 30 days of the publication of this notice. Those individuals requesting a hearing should set forth the specific reasons why a hearing on this particular application would be appropriate. The holding of such hearing is at the discretion of the Assistant Administrator for Fisheries.

All statements and opinions contained in this application are summaries of those of the Applicant and do not necessarily reflect the views of the National Marine Fisheries Service.

Documents submitted in connection with the above application are available for review by interested persons in the following offices:

Office of Protected Resources and Habitat Programs, National Marine Fisheries Service, 1825 Connecticut Avenue, NW, Rm. 805, Washington, DC; and

Director, National Marine Fisheries Service, Southeast Region, 9450 Koger Boulevard, St. Petersburg, Florida 33702.

Date: September 15, 1987.

Samuel W. McKeen,

Director, Management and Budget Office, National Marine Fisheries Service.

[FR Doc. 87-21808 Filed 9-21-87; 8:45 am]

BILLING CODE 3510-22-M

DEPARTMENT OF DEFENSE

Department of the Air Force

USAF Scientific Advisory Board; Meeting

September 9, 1987.

The USAF Scientific Advisory Board Fall General Membership Meeting will be held at Fort McNair, Washington, DC, on October 21 and 22, 1986 from 8:00 a.m. to 5:00 p.m. each day.

The purpose of the meeting will be to receive classified briefings on results of recent SAB studies.

These meetings concern matters listed in section 552b(c) of Title 5, United States Code, specifically subparagraph (1) thereof, and accordingly, will be closed to the public.

For further information, contact the Scientific Advisory Board Secretariat at 202-697-8845.

Patsy J. Conner,

Air Force Federal Register Liaison Officer.

[FR Doc. 87-21768 Filed 9-21-87; 8:45 am]

BILLING CODE 3910-01-M

DEPARTMENT OF ENERGY

Grants Availability; Southern States Energy Board

AGENCY: Department of Energy.

ACTION: Notice of solicitation for a grant application.

SUMMARY: DOE announces that it is conducting negotiations with the Southern States Energy Board (SSEB) to support the development of a proposed regulatory regime.

The negotiations are expected to result in a grant, DE-FG01-87PE79023, in which DOE will provide approximately $200,000 for a period of performance of 18 months estimated to commence on September 23, 1987.

Scope of Study: The principal objective of this project is to support the development of a proposed regulatory regime, suitable for consideration by the SSEB's 16-member states, which would facilitate the striking of an appropriate balance between electricity demand management and electricity supply options, and provide incentives for investment in new generation capacity, where and when appropriate. This regime is to be developed with active participation from pertinent state and federal agencies, utilities, and other organizations, as appropriate.

The results generated by this grant will improve DOE's understanding of regulatory options and help foster a consensus for reform among utilities and regulators, as well as provide timely, credible, and relevant information that would support public policy development and other decision-making by federal, state and local governments.

Stephen J. Michelsen,

Acting Director, Contract Operations Division "B", Office of Procurement Operations.

[FR Doc. 87-21826 Filed 9-21-87; 8:45 am]

BILLING CODE 6450-01-M

Federal Energy Regulatory Commission

[Project No. 9645-001]

Surrender of Preliminary Permit; Hydrodynamics, Inc.

September 15, 1987.

Take notice that Hydrodynamics, Inc., permittee for the Lower South Fork Project, has requested that its preliminary permit be terminated. The preliminary permit was issued on July 8, 1986, and would have expired on June 30, 1989. The project would have been located on the South Fork Dry Creek in Carbon County, Montana.

The permittee filed the request on August 25, 1987, and the preliminary permit for Project No. 9645 shall remain in effect through the thirtieth day after issuance of this notice unless that day is a Saturday, Sunday or holiday as described in 18 CFR 385.2007, in which case the permit shall remain in effect through the first business day following that day. New applications involving this project site, to the extent provided for under 18 CFR Part 4, may be filed on the next business day.

Kenneth F. Plumb,

Secretary.

[FR Doc. 87-21828 Filed 9-21-87; 8:45 am]

BILLING CODE 6717-01-M

[Docket No. CI70-63-002 et al.]

Applications for Abandonment of Service; Exxon Corp.

September 16, 1987.

Take notice that on September 1, 1987, Exxon Corporation (Exxon) filed applications to abandon service to Trunkline Gas Company (Trunkline), as more fully set forth in the tabulation and footnotes hereto.

In its application in Docket No. CI70-63-002 Exxon states it is subject to substantially reduced takes without payment and that it has entered into a take-or-pay buy-out as contemplated by § 2.76 of the Commission's Regulations. In its applications in Docket Nos. CI87-869-000 through CI87-871-000 Exxon states it has entered into a take-or-pay buy-out with Trunkline. Exxon requests that its applications be considered on an expedited basis under procedures established by Order No. 436, Docket No. RM85-1-000, at 18 CFR 2.77.[1]

[1] The United States Court of Appeals for the District of Columbia vacated the Commission's Order No. 436 on June 23, 1987. In vacating Order No. 436, the Court rejected challenges to the Commission's statement of policy in § 2.77 of its

Continued

Since Exxon states that it is subject to substantially reduced takes without payment, and has entered into take-or-pay buy-out, and has requested that its applications be considered on an expedited basis, all as more fully described in the applications which are on file with the Commission and open to public inspection, any person desiring to be heard or to make any protest with reference to said applications should on or before 15 days after the date of publication of this notice in the **Federal Register**, file with the Federal Energy Regulatory Commission, Washington, DC 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). 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 in any proceeding herein must file a petition to intervene in accordance with the Commission's rules.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Exxon to appear or to be represented at the hearing.

Kenneth F. Plumb,

Secretary.

Docket No. and date filed	Applicant	Purchaser and location	Price per 1,000 ft [3]	Pressure base
CI70-63-002, B, Sept. 1, 1987.	Exxon Corporation, P.O. Box 2180, Houston, Texas 77252-2180.	Trunkline Gas Company, South Timbalier Block 172 Field, Offshore Louisiana.	(1)(2)(3)	
CI87-869-000 (CI60-259), B, Sept. 1, 1987.	.....do.....	Trunkline Gas Company, Bayou Sale/Bayou Carlin Field, St. Mary Parish, Louisiana.	(2)(4)(5)	
CI-870-000 (CI64-1119), B, Sept. 1, 1987.	.....do.....	Trunkline Gas Company, Bayou Carlin Field, St. Mary Parish, Louisiana.	(2)(4)(6)	
CI87-871-000 (CI65-841), B, Sept. 1, 1987.	.....do.....	Trunkline Gas Company, Kelsey Field, Brooks County, et al., Texas.	(2)(4)(7)	

[1] Exxon requests permanent partial abandonment of its sale to Trunkline to reflect the permanent reservation and associated abandonment of up to one-half of the deliverability from each NGPA pricing category in the South Timbalier Block 172 Field. In support of its application Exxon states that it is subject to substantially reduced takes with payment. Trunkline has been purchasing gas substantially below take-or-pay and minimum take levels and has not made payment for gas not taken. In recent years Trunkline has only purchased about 30% of deliverability. The deliverability of the wells involved is 191,289 Mcf/d. The gas is NGPA section 104 flowing gas (25%), recompletion gas (2%), post-1974 gas (62%), and section 102(d) gas (11%).

[2] In support of its application Exxon states that the parties have entered into a take-or-pay buy-out. Exxon states that that this application is being filed pursuant to a settlement agreement between Exxon and Trunkline. Under the settlement, Exxon agreed to waive all claims against Trunkline for take-or-pay and minimum take obligations accrued through February 28, 1987. In addition, Exxon agreed to reduce contractual minimum take and take-or-pay quantities and to lower the contract price for gas taken, effective March 1, 1987. Exxon states that Trunkline has made a one-time non-recoupable payment in lieu of accrued take-or-pay and minimum take obligations.

[3] Exxon states that as part of the settlement agreement, Trunkline and Exxon agreed to amend their July 9, 1969, contract to reserve from commitment up to one-half of the deliverability produced from each NGPA pricing category in the South Timbalier Block 172 Field, effective upon the granting of abandonment authorization, and to file for abandonment of the reserved production.

[4] Exxon requests authorization to permanently abandon its sale of gas to Trunkline. Exxon states that as part of its settlement agreement with Trunkline, the parties agreed to terminate gas sales, effective upon the granting of abandonment authorization.

[5] The deliverability from the wells involved is 5,900 Mcf/d. The gas is NGPA section 104 post-1974 gas (3%) and section 106(a) gas (97%).

[6] The deliverability from the wells involved is 500 Mcf/d. The gas is NGPA section 104 flowing gas.

[7] The deliverability from the wells involved is 4,200 Mcf/d. The gas is NGPA section 104 flowing gas (38%), recompletion gas (50%), 1973-1974 biennium gas (2%), post-1974 gas (5%) and section 108 gas (5%).

Filing Code: A—Initial Service; B—Abandonment; C—Amendment to add acreage; D—Amendment to delete acreage; E—Total Succession; F—Partial Succession.

[FR Doc. 87-21827 Filed 9-21-87; 8:45 am]
BILLING CODE 6717-01-M

[Docket No. FA86-19-001]

Order Establishing Hearing Procedures; System Energy Resources, Inc.

Issued September 16, 1987.

Before Commissioners: Martha O. Hesse, Chairman; Anthony G. Sousa, Charles G. Stalon, Charles A. Trabandt and C.M. Naeve.

On June 18, 1987, the Commission issued a letter order noting System Energy Resources, Inc. (SERI) disagreement with certain items contained in staff's audit report of SERI's books and records. The disagreement relates to SERI's accounting and the affect the accounting had on the monthly computation of the amounts billed customers under the Company's cost-of-service tariff. SERI was requested to advise whether it would agree to the disposition of the issues under the shortened procedures provided by § 41.3 of the Commission's regulations. 18 CFR 41.3 (1987).

On July 17, 1986, SERI responded that it did not consent to the shortened procedures. Instead, SERI requested that the matter be set for hearing pursuant to § 41.7 of the Commission's regulations. SERI also notified the Commission that it also disagreed with a third accounting matter noted in the audit report, related to the accounting and tariff billing for miscellaneous expenses that were capitalized as part of the cost of utility plant. A summary of the three disagreed issues is presented on Attachment A to this order.

Section 41.7 of the regulations provides that the proceeding will be assigned for hearing in case consent to the shortened procedures is not given. Accordingly, the Commission will set these matters for hearing.

Any interested person seeking to participate in this docket shall file a

Regulations. Section 2.77 states that the Commission will consider on an expedited basis applications for certificate and abandonment authority where the producers assert they are subject to substantially reduced takes without payment.

protest or a motion to intervene pursuant to Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214) no later than 15 days after the date of publication of this order in the Federal Register.

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Section 402(a) of the Department of Energy Organization Act, the provisions of the Federal Power Act, particularly section 205, 206, and 301 thereof, and pursuant to the Commission's Rules of Practice and Procedure (18 CFR Chapter I), a public hearing shall be held concerning the appropriateness of SERI's accounting practices as discussed above.

(B) A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge, shall convene a prehearing conference in this proceeding, to be held within 45 days of the date of this order, in a hearing room of the Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, D.C. 20426. The Presiding Judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

(C) The Secretary shall promptly publish this order in the Federal Register.

By the Commission.

Kenneth F. Plumb,

Secretary.

Attachment A—Summary of Contested Accounting and Tariff Matters

The Company did not agree to take the corrective action recommended by the Division of Audits on the following accounting and tariff matters:

1. *Accounting for income tax benefits during the construction and operations of the Grand Gulf Project.*

The Company's method of determining the cost of funds for the construction was deficient because it did not factor into the computation certain available no-cost funds. The Company's failure to recognize the no-cost funds resulted in the following accounting and tariff billing deficiencies:

(A) Overaccrual of allowance for funds used during construction (AFUDC) on both Grand Gulf Unit Nos. 1 and 2.

(B) Overstatement of rate base in tariff billings for service from Unit No. 1.

A. Prior to the in-service date of Unit No. 1, the Company used a project financing method to accrue allowance for funds used during construction (AFUDC) during the construction of Grand Gulf Unit Nos. 1 and 2. The Company used a net-of-tax method to derive the amount to be capitalized for the debt component of the AFUDC. Under the net-of-tax method, the interest capitalized is reduced by the tax effect of deducting the interest currently for income tax purposes. The Company made AFUDC computations monthly, determined as follows: The actual cost of debt funds used during construction (on a net-of-tax basis) was capitalized and an allowance was provided for all equity funds recorded in its accounts. Other construction costs for which there were book/tax basis differences were capitalized gross, with the tax effects deferred in Account 282, Accumulated Deferred Income Taxes—Other Property.

In determining the net-of-tax debt cost, SERI assumed that all the interest related to the construction debt would be deducted for Federal income tax purposes. Therefore, to recognize that not all tax deductions generated by SERI could be used to reduce current consolidated income tax liability as hereafter described, SERI recorded an additional AFUDC allowance to compensate it for the lack of cost-free capital from income tax deductions initially contemplated in adopting the net-of-tax rate. SERI recorded amounts in Account 186, Miscellaneous Deferred Debits, and credited income tax expense that it claimed represented the unrealized no-cost capital associated with interest capitalized. SERI computed an additional AFUDC allowance on the balance recorded in Account 186.

During the examination, the Division of Audits (DOA) determined that the amount recorded in Account 186, which SERI claimed represented unrealized no-cost capital, was overstated as a result of the income tax allocation procedures followed by the MSU group. As a result, the Company overcapitalized AFUDC on equity funds. DOA determined that use of the overstated amounts resulted in an overaccrual of AFUDC of $152,770,741 from January 1974 to July 1, 1985.

The Company joined its parent Middle South Utilities Corporation (MSU) and other subsidiaries of the Middle South Energy System in filing consolidated Federal income tax returns during the audit period. During this period, the associated companies of the consolidated group (referred to as the MSU group) did not have sufficient current taxable income in total to permit use of all tax deductions and tax credits generated by SERI during the construction periods for the Grand Gulf generating units. However, a substantial portion of the tax deductions of SERI was used to reduce the consolidated income tax liability during the construction period.

SERI was reimbursed for much less than the full reduction in income tax liability on consolidated returns attributable to SERI deductions claimed on the returns. The failure to reimburse SERI for use of income tax deductions generated by costs incurred by SERI stems from MSU procedures for distributing current income taxes among system companies as provided for in an agreement entered into by each of MSU group members.

The MSU group's consolidated income tax distribution procedures applicable to situations where consolidated taxable revenues were sufficient to permit the use of all deductions and available investment tax credits (ITC) generated by group members provided for each member to receive credit for the deductions and ITC it generated and used in determining current consolidated income tax liabilities. Under such procedures a company could be required to pay into or be reimbursed from a consolidated income tax pool of funds depending on whether its taxable revenues were greater or elss than its deductions and ITC used to determine consolidated income tax liability.

However, the MSU group's distribution procedures included special rules applicable to situations where a company experienced a tax net operating loss (tax deductions exceeded taxable revenue) and the loss reduced consolidated taxable income to a level so as to preclude the use of ITC of another group member, which could have been used to reduce income taxes payable computed before use of the credits in the absence of the tax loss. The use of ITC to reduce consolidated income tax liability is limited to specified percentages of income taxes otherwise payable. Accordingly, a situation can arise where tax losses (tax deductions exceed taxable revenues) of a group member could reduce net taxable income to such an extent that ITC, which a tax gain member could have used if the member had filed a separate corporate tax return, could not be used in determining consolidated income tax liability. The special tax distribution rules of the MSU group, for use in such situations, called for inputing use of the ITC by the tax gain company. The tax gain company would then be given an income tax expense credit equivalent to the imputed ITC amount and the same amount would be

withheld from amounts that otherwise would have been credited or reimbursed to the tax loss member for use of its deductions. In later tax years, when the imputed ITC are actually used to reduce consolidated income tax liability, the withheld amounts would be credited to the tax loss member.

Conditions for application of the MSU group's special distribution rules existed during the years examined. Until July 1985, when Grand Gulf Unit No. 1 went in service, SERI's income tax deductions included in consolidated income tax returns far exceeded the taxable revenues SERI generated and substantial amounts of tax reimbursements were withheld from MSU tax distributions to SERI. The withheld amounts were distributed to other system companies for imputed utilization of ITC.

In accounting for the income tax effects of all deductions for cost generated by SERI and included in consolidated income tax returns, SERI recognized in its accounts the tax effects of all the deductions without distinction as to whether the deductions were utilized or not utilized to reduce consolidated taxable income. SERI recorded credits to income tax expense for the reimbursements received from the pool of tax funds to be distributed through procedures previously described. For any unreimbursed amounts, an asset was recorded by a charge to Account 186, Miscellaneous Deferred Debits, with a concurrent credit to Account 409.1, Income taxes, Utility Operating Income.

As of the in-service date claimed by SERI for Grand Gulf Unit No. 1, July 1, 1985, the balance in Account 186 consisted of amounts representing the tax effect of SERI's cost for: (1) Interest capitalized on a net-of-tax basis to the extent the interest was not used to reduce consolidated taxable income, and (2) interest and other costs capitalized that were used to reduce consolidated taxable income for which SERI was not reimbursed for the tax effects. As of July 1, 1985, the unreimbursed amount was about $345.5 million.

The $345.5 million amount was distributed to other members of the consolidated group under the MSU distribution procedures previously described, based on the imputed use of unused ITC. When the ITC is actually used to reduce consolidated income tax liability, the $345.5 million will be reimbursed to SERI under the MSU group's procedures.

DOA concluded that the undistributed amounts as they were accumulated in Account 186 during the construction of Units No. 1 and No. 2 resulted in excessive accruals of AFUDC on common equity. DOA based its conclusion on the policies announced by the Commission as to where the benefits of cost-free capital arising from book/tax timing differences should be recognized and the application of the benefits-burdens test for determining income tax allowances includable in the cost-of-service for ratemaking purposes in Docket No. RM80–42, et al. In Order No. 144, issued May 6, 1981, which adopted comprehensive income tax procedures for accounting and ratemaking, the Commission included the following discussion on the use of cost-free capital in determining construction costs.

> Deferred taxes arising from construction related taxes and pensions, for example, reduce the financing requirements to be met from other sources during the construction period of a plant. Having the use of these interest-free funds results in benefits that the Commission has traditionally passed immediately through to customers by deducting the associated accumulated deferred taxes from rate base. But since these benefits arise from costs associated with the new plant, it is more equitable to allocate them over the service life of the plant. By using the construction related accumulated deferred taxes as an offset to the balance used in the calculation of AFUDC (rather than rate base), the net plant value going into rate base when the new plant goes on line is reduced. In this way the benefits a company receives from having the use of deferred tax funds during the plant construction period would be reflected in lower costs to be allocated over the plant's operating life.

The benefits/burdens test is one that says the question of who gets the benefit of an income tax deduction should be resolved based on who will bear the burden of costs which give rise to a deduction. Thus, if a cost incurred by a utility in providing service using cost-based rates generates a tax deduction by incurring costs in providing the service the tax benefit related to such cost shall be assigned to the cost of that service when computing an income tax allowance. A discussion on the benefits/burdens test appears in a discussion for the U.S. Court of Appeals for the District of Columbia, issued in Case No. 83.2059, on October 18, 1985, City of Charlottesville, which upheld the use of the test for ratemaking purposes. Certiorari was denied by the U.S. Supreme Court in Case No. 83–2059, on April 6, 1986.

SERI's failure to consider the benefits of cost-free capital associated with income tax deductions it generated resulted in an overstatement of the investment base for Grand Gulf Unit Nos. 1 and 2 during the construction period for the computation of allowance for funds used during construction (AFUDC).

If SERI had computed AFUDC under the method recommended by the DOA, which recognizes the benefit of cost-free capital, the Company would have reduced AFUDC (and the cost of utility plant) by $152,770,741 between the period January 1974 to July 1, 1985.

Recommendations: The Company (1) Revise procedures for determining unrealized tax benefits on no-cost capital includable in Account 186 for purposes of AFUDC, (2) record the entry shown below to properly state the cost to construct Grand Gulf, and (3) recompute all previous billings to customers reflecting the corrected plant and equity balances. The recomputed billings should reflect corrections of rate base and equity balances, correction of depreciation expense and adjustment of the return and income taxes applicable to the restatement of equity. The staff also recommends that differences between the recomputed billings and the amounts previously charged the ratepayers be refunded with interest, in accordance with Section 35.19(a) of the Commission's regulations.

419.1	Allowance for other funds used during construction	$152,770,741	
106	Completed construction not classified—Electric		$120,688,886
186	Miscellaneous deferred debts		32,081,855
	To reverse AFUDC accrued on Grand Gulf Unit No. 1 ($120,688,886) and Unit No. 2 ($32,081,855) through July 1, 1985 that was excessive because the AFUDC calculation failed to take into account all cost-free capital generated by SERI expenditures and claimed on consolidated income tax returns.		
	The computation reflects tax reductions realized by the Consolidated Group through 1984 and tax deductions estimated to be realized as recorded on the Company books through July 1, 1985.		

	An additional correction is necessary to reduce AFUDC computed subsequent to July 1, 1985 for the Company's tax deductions that were included as a part of estimated tax payments.		

B. In addition to the matter discussed in Item A above, the Company also improperly included certain of the amounts receivable for income taxes from associated companies recorded in Account 186, Miscellaneous Deferred Debits, as part of the "Net Unit Investment" in tariff billings to customers.

At the time the tariff authorizing cost-of-service billings for Grand Gulf Unit No. 1 was approved, the Commission recognized that the Company's investment in the unit included AFUDC on a net-of-tax basis and that the Company's claim that it had not realized the benefit of the deductions contemplated under the net-of-tax AFUDC method. Accordingly, the Company's approved tariff, which became effective on July 1, 1985, the commercial operation date for Unit No. 1, states, in part,

> Net Unit Investment" shall consist of the following; . . . recoverable income taxes to the extent previously credited to utility plant accounts and *not yet realized*. . . . (emphasis added)

SERI included in tariff billings as recoverable taxes about $345 million recorded in Account 186 that were already realized by the MSU group but not distributed to SERI. DOA concluded that the appropriate accounting for the $345 million (as of July 1, 1985) was Account 146, Accounts Receivable from Associated Companies, and not Account 186. DOA further concluded that SERI's tariff billings were not consistent with the terms of its tariff since the $345 million was realized by the MSU group.

As mentioned in Item A above, DOA supports its position based upon the Commission's stated policy with respect to the benefits of cost-free capital arising from book/tax timing differences and the application of the benefits/burdens test for determining income tax allowances includable in the cost-of-service for ratemaking purposes in Docket No. RM80-42, et al.

Recommendations: The Company (1) revise procedures to record future amounts due from associated companies for use of its tax deductions on the consolidated income tax return in Account 146, (2) record the entry shown below as of December 31, 1984 and the additional entries for the years 1985 and 1986 to transfer those amounts included in Account 186 which represent amounts owed to the Company for use of its tax deductions, and (3) recalculate all previous billings to customers and eliminate from the "Net Unit Investment" and from the equity balances included in the weighted cost of capital, the amounts receivable from associated companies for the tax effect of deductions generated by SERI and used to reduce consolidated taxable income, which was withheld from SERI under MSU tax distribution procedures. Any differences between the recomputed billings and the amounts previously charged the ratepayers shall be refunded with interest, in accordance with § 35.19(a) of the Commission's regulations.

146	Accounts receivable from associated companies	$345,563,172	
186	Miscellaneous deferred debits		$345,563,172
	To reclassify amounts receivable from associated companies for use of the Company's tax deductions for the period 1978 through December 31, 1984.		
	An additional correction is necessary to reclassify the tax receivable amounts related to the 1985 and 1986 estimated income tax payments.		

2. *Accounting and tariff billings for bank fees.*

During the period July 1985 through February 1986 the Company improperly classified about $7.5 million of bank fees in Account 921, Office Supplies and Expenses, an administrative and general operating expense account. Amounts properly includible in Account 921 are permitted in cost of service tariff billings for Grand Gulf Unit No. 1. However, DOA considered the cost to be a cost of issuing debt and therefore, treated as an increment to the cost of debt interest. Under the tariff, only debt cost applicable to Unit No. 1 is includible in tariff billings.

The construction of the Grand Gulf placed a heavy financial burden on SERI. Because of its Single A bond ratings, SERI was required to use Letters of Credit from banks as a condition for issuance of Series A, B and C tax-exempt pollution control bonds. The Letters of Credit required payment of bank fees every three months. In addition, fees were paid to banks for release from escrow of proceeds from the Series C bonds. Fees were also paid to banks for restructuring certain debt consisting of foreign and domestic loans. A summary of the fees and the purposes for which they were paid follows.

	In thousands
Letters of Credit—A, B, & C bonds	$5,643
Release of escrowed funds—C Bonds	1,173
Restructuring-foreign and domestic loans	648
Total	7,464

The Company should have accrued the quarterly fees for maintaining letters of credit in Account 427, Interest on Long-Term Debt. DOA further concluded the Company should have charged the fees for release of escrow funds and restructuring of loans to Account 181, Unamortized Debt Discount and Expense, and amortized such amounts by charges to Account 427, Amortization of Debt Discount and Expense, over the life of the related debt issues. The amounts charged to Account 427 constitute increments to the cost of interest on the debt that are recoverable to the extent provided in the tariff for Unit No. 1.

The instructions to Account 427 specifically provide for including interest on outstanding long-term debt issues but do not provide any item list or other descriptions of what constitutes interest. However, it is well known that interest cost is not limited to the nominal rate specified on debt instruments. The Line of Credit fees are just as much a cost for long-term borrowing as the nominal rates of interest payable to debt holders.

The instructions to Account 181 specifically provide for including therein expenses related to the issuance or assumption of debt securities. The release and restructing fees were related to SERI's debt.

General Instruction No. 6, Item Lists, of the Uniform System of Accounts makes it clear that the lists are intended to be representative and not complete, and that classification of a listed item to an account is warranted only when consistent with the instructions to that account.

Recommendations: The Company (1) adopt procedures effective January 1, 1987, to classify fees for maintaining Letters of Credit to Account 427, Interest on Long-Term Debt; (2) establish in Account 181, Unamortized Debt Discount and Expense, an amount representing the unamortized portion of escrow release and restructing fees through January 1, 1987, and thereafter amortize the fees monthly over the remaining life of the related debt issues by charges to Account 428, Amortization

of Debt Discount and Expense; and (3) recalculate and refund prior tariff billings based on a restatement of accounts as they would have been if the recommended procedures had been followed from inception of the fees.

3. *Miscellaneous expenses capitalized as plant in service.*

The Company improperly capitalized certain expenditures as part of the cost of the Grand Gulf Unit No. 1. The expenses improperly capitalized included:

Year	Description of the payments	Amount
1983	Zurn fine	$25,000
1984	NRC fine	12,000
1984	Diesel fuel (for emergency back up power).	167,800
1984 and 1985	U.S. Committee for Energy Awareness.	940,770

The above expenses do not meet the cost criteria contained in Electric Plant Instruction No. 3, Components of Construction Cost.

The Company should have assigned the payments for diesel fuel to Account 154, Plant Materials and Operating Supplies. The Company should have obtained information on the activities of the U.S. Committee for Energy Awareness so as to properly allocate the costs between Accounts 930.2, Miscellaneous General Expenses, and Account 426.4, Expenditures for Certain Civic, Political, and Related Activities. The other payments were period costs that the Company should have charged to nonoperating expense accounts as incurred. The Company should not have included the amounts properly assignable to Account 930.2 in cost-of-service billings to current customers without specific Commission approval, since the costs related to a period prior to the operational date of the Grand Gulf Unit No. 1.

Recommendations: The Company (1) record the entry shown below to remove the above noted costs (except for the amount transferred to Account 154) from utility plant and (2) recalculate all previous tariff billings to customers by eliminating the above costs from the Net Unit Investment and refund with interest, return, tax and depreciation expenses collected from the customers to date. A billing adjustment for the balance transferred to Account 154 is not required because the Company's tariff permits the inclusion of Account 154 as well as plant in service balances in the computation of net unit investment for billings purposes.

154	Plant materials and operating supplies	$167,800	
426.3	Penalties	37,000	
426.5	Other deductions	940,770	
106	Completed construction not classified—Electric		$1,145,570

To correct the plant accounts for: (1) Certain operating expenses that were improperly capitalized as a cost of construction and (2) the cost of diesel fuel that should have been included in materials and supplies.

[FR Doc. 87-21832 Filed 9-21-87; 8:45 am]

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Office of Hearings and Appeals

Cases Filed; Week of August 21 Through 28, 1987

During the Week of August 21 through August 28, 1987, the appeal and the applications for exception or other relief listed in the Appendix of this Notice were filed with the Office of Hearing and Appeals of the Department of Energy. Submissions inadvertently omitted from earlier lists have also been included.

Under DOE procedural regulations, 10 CFR Part 205, any person who will be aggrieved by the DOE action sought in these cases may file written comments on the application within ten days of service of notice, as prescribed in the procedural regulations. For purposes of the regulations, the date of service of notice is deemed to be the date of publication of the Notice or the date of receipt by an aggrieved person of actual notice, whichever occurs first. All such comments shall be filed with the Office of Hearings and Appeals, Department of Energy, Washington, DC 20585.

Dated: September 15, 1987.

George, B. Breznay,

Director, Office of Hearings and Appeals.

LIST OF CASES RECEIVED BY THE OFFICE OF HEARINGS AND APPEALS

[Week of August 21 through August 28, 1987]

Date	Name and location of applicant	Case No.	Type of submission
Aug. 24, 1987	Kentucky, Frankfort, KY	KER-0032	Request for Modification/Rescission. If granted: The July 14, 1987 Decision and Order (Case No. KEG-0012) issued to Kentucky would be modified regarding Kentucky's expenditure plan in the Stripper Well Settlement Agreement.
Aug. 25, 1987	Coalition for Safe Power, Portland, OR	KFA-0116	Appeal of an Information Request Denial. If granted: Coalition for Safe Power would receive access to copies of agency records pertaining to environmental reviews underway at the Hanford Nuclear Reservation at Richland, Washington.
Aug. 25, 1987	Deaton Oil Co., Murfreesboro, AR	KEE-0152	Exception to the Reporting Requirements. If granted: Deaton Oil Company would not be required to file Form EIA-782B, "Reseller/Retailer Monthly Petroleum Products Sales Report."
Aug. 25, 1987	Economic Regulatory Administration, Washington, DC	KRD-0028	Motion for Discovery. If granted: Discovery would be granted to Economic Regulatory Administration in connection with the Statement of Objections submitted in response to the Proposed Remedial Order (Case No. HRO-0285) issued to Cities Service Company.
Aug. 26, 1987	Northern Mariana Islands, Saipan, Mariana Islands	KEE-0151	Exception from the Energy Conservation Program. If granted: Northern Mariana Islands would be exempted from the Department of Energy's regulations governing the Institutional Conservation Program, 10 CFR Part 455.
Aug. 26, 1987	Wholesale Petroleum Agency, Owensboro, KY	KEE-0150	Exception to the Reporting Requirements. If granted: Wholesale Petroleum Agency would not be required to file Form EIA-782B, "Reseller/Retailer Monthly Petroleum Products Sales Report."

REFUND APPLICATIONS RECEIVED

[Week of August 21 to August 28, 1987]

Date received	Name of refund proceeding/ name of refund applicant	Case No.
08/14/87	Floyd D. Crow	RF265-2545
08/20/87	Lenox Crystal	RF277-86
08/21/87	Pruden Shell	RF298-17
08/21/87	C.J. Winchip & Sons, Inc	RF225-10903
08/21/87	Pennzoil/West Virginia	RQ10-392
08/24/87	Dixie Chemical Corp	RF277-87
08/24/87	Peabody Skelly Service	RF265-2546
08/24/87	Sure Fire Fuel Corp	RF286-9
08/25/87	Horn Oil Co	RF265-2547
08/25/87	Celanese Chemical Co	RF265-2548
08/25/87	Celanese Chemical Co	RF52-7
08/25/87	North Reading B/P	RF262-5
08/25/87	Township Oil Co	RF250-2733
08/21/87 thru 08/28/87	Crude Oil Refunds Applications Received.	RF272-4479 thru RF272-5033

[FR Doc. 87-21825 Filed 9-21-87; 8:45 am]

BILLING CODE 6450-01-M

Issuance of Decisions and Orders; Week of August 3 Through August 7, 1987

During the week of August 3 through August 7, 1987, the decisions and orders summarized below were issued with respect to appeals and applications for other relief filed with the Office of Hearings and Appeals of the Department of Energy. The following summary also contains a list of submissions that were dismissed by the Office of Hearings and Appeals.

Appeal

Mobil Oil Corporation, 8/5/87, KFA-0111

A Decision and Order was issued by the Department of Energy (DOE) on July 24, 1987, concerning a Freedom of Information Act (FOIA) Appeal filed by Steptoe & Johnson (Steptoe) on June 10, 1987. *Steptoe & Johnson*, 16 DOE ¶ , Case No. KFA-0103 (July 24, 1987) (Steptoe). On July 24, 1987, subsequent to issuance of the decision, the DOE received comments relating to the proceeding from Mobil Oil Corporation (Mobil). On the basis of Mobil's comments, the DOE determined that the July 24, 1987 Decision and Order should be modified to prohibit release of Mobil's Transfer Pricing Data under the FOIA. Therefore, the decision in Steptoe was modified to include Mobil among those firms whose data would not be released.

Refund Applications

Albert Hogoboom Tank Truck Service, et al., 8/5/87, RF270-2360, et al.

The DOE issued a Decision and Order in connection with its administration of the $10.75 million escrow fund established for Surface Transporters pursuant to the settlement agreement in the DOE stripper well exemption litigation. The DOE approved the volumes of refined petroleum products claimed by six Surface Transporters and will use those volumes as a basis for the refunds that will ultimately be issued to the six firms. The DOE stated that because the size of a Surface Transporter applicant's refund will depend upon the total number of gallons that are ultimately approved, the actual amount of the six firm's refunds will be determined at a later date. The total volume approved in this Decision is 5,650,788 gallons.

American President Lines Ltd., et al., 8/5/87, RF271-120, et al.,

The Department of Energy (DOE) issued a Decision and Order approving applications submitted by six water transporters for refunds from the Rail and Water Transporters Escrow established as a result of the Stripper Well Settlement Agreement. The methods used by the applicants were similar to those accepted by the DOE in previous Rail and Water decisions. The DOE will determine a per gallon refund amount and establish the amount of each applicant's refund after it completes its analysis of all Rail and Water claims.

American Transfer Company, et al., 8/4/87, RF270-1424 et al.

The Department of Energy (DOE) issued a Decision and order approving in part the volumes of six applicants for refund from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE eliminated from the six applications a portion of the claim that was based on gallons of fuel purchased by owner/operators of the firm. The DOE will determine a per gallon refund amount and establish the amount of each company's refund based on this adjusted volume after it completes its analysis of all Surface Transporter claims.

Camas Prairie Railroad Co., et al., 8/7/87, RF271-7, et al.

The DOE issued a Decision and Order approving applications submitted by five companies for refunds from the Rail and Water Transporters (RWT) Escrow established as a result of the Stripper Well Settlement Agreement. OHA found that all five applicants had established that they were members of the RWT class, and had substantiated their purchases of the volumes of U.S. petroleum products claimed in their respective applications. Accordingly, OHA approved all five applications. The DOE will determine a per gallon refund amount and establish the amount of each applicant's refund after it completes its analysis of all Rail and Water claims.

Cartwright Van Lines, Inc. and Colonial Fast Freight Lines, Inc., 8/4/87 RF270-1436 and RF270-1439.

The Department of Energy (DOE) issued a Decision and Order denying two Applications for Refund from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE determined that the claims of both Cartwright Van Lines, Inc. and Colonial fast Freight Lines, Inc. were based on gallons of fuel purchased by owner/operators, not the firm itself. These gallons are ineligible for a refund because they were not purchased by the applicants. Therefore, the applicants did not meet the minimum requirements for a Surface Transporter Refund Application and were denied.

Canadian National Railway Co., 8/6/87, RF271-70.

Canadian National Railway (CNR), filed an Application for Refund from the Rail and Water Transporters Escrow. In considering that application, OHA determined that CNR was not incorporated under the laws of any state of the United States, as required by Paragraph 16 of the Order Establishing Transporters Escrow. Accordingly, OHA held that CNR was not a member of the class of Rail Water Transporters, and denied the firm's application.

Charles C. Towne & Sons, Inc., et al., 8/4/87, RF270-981, et al.

The DOE issued a Decision and Order to 15 firms that applied for refunds from the $10.75 million Surface Transporters Escrow fund established pursuant to the Settlement Agreement in the DOE Stripper Well Exemption Litigation. Each applicant demonstrated that it operated motor vehicles during the Settlement Period and that it was either a "for hire" carrier or a private fleet operator for the purposes of this proceeding. In addition, each applicant demonstrated that it purchased a certain volume of eligible petroleum products above the 250,000 gallon minimum prescribed in the Order establishing the Surface Transporters Escrow. Non-vehicle and/or off-road fuel had to be subtracted from three of the claims. Once these adjustments were made, however, all 15 Applications were approved. The respective volumes will be used to calculate each company's final refund. The total number of gallons approved in this Decision is 100,124,856.

Colonial Rubber Works, Inc., et al., 8/5/87, RF270-1343 et al.

The DOE issued a Decision and Order approving the volumes of nine Applications for Refund from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE will determine a per gallon refund amount and establish the amount of each company's refund after it completes its analysis of all Surface Transporter claims.

Cook Moving Systems, Inc., et al., 8/4/87, RF270-1442 et al.

The Department of Energy (DOE) issued a Decision and Order approving in part the volumes of sixteen applicants for refund from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE eliminated from the sixteen applications a portion of the claim that was based on gallons of fuel purchased by owner/operators of the firm. The DOE will determine a per gallon refund amount and establish the amount of each company's refund based on this adjusted volume after it completes its analysis of all Surface Transporter claims.

Corinth and Counce Railroad Co., 8/6/87, RF271-4.

Corinth and Counce Railroad (CCR) filed a Motion for Reconsideration, seeking to reverse our grant of the firm's October 10,

1986 Application for Refund from the Rail and Water Transporters (RWT) Escrow. According to CCR, its Application for Refund was not proper because the firm lacked the authority to sign the waiver which is part of the court approved application form. OHA dismissed this argument and denied CCR's Motion for Reconsideration. When a firm which is actually a member of the RWT class signs the waiver which is part of the court approved application form, that application constitutes an irreversible election of benefits. In this case, it was CCR's responsibility to determine the most advantageous forum in which to seek a refund before filing its original application. It would be inappropriate to disrupt the entire RWT proceeding by allowing CCR or other firms to continuously reposition themselves vis-a-vis the various refund proceedings pending before OHA.

Curtis Transport, Inc., et al., 8/4/87, RF270–1443 et al.

The Department of Energy (DOE) issued a Decision and Order denying nine Applications for Refund from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE determined that each of the claims of the nine companies was based on gallons of fuel purchased by owner/operators of the firm. These gallons are ineligible for a refund because they were not purchased by the applicant. Therefore, the applicants did not meet the minimum requirements for a Surface Transporter Refund Application and were denied.

Getty Oil Company/Aker's Skelly, et al., 8/5/87, RF265–0023, et al.

The DOE issued a Decision and Order concerning 59 Applications for Refund filed by purchasers of products covered by a consent order that the agency entered into with Getty Oil Company. Each applicant submitted information indicating the volume of its Getty purchases. None of them was entitled to a refund greater than the $5,000 small claims refund amount. The sum of the refunds approved in this Decision is $230,074, representing $115,526 in principal and $114,548 in accrued interest.

Getty Oil Company/Alamo Service, et al., 8/5/87, RF265–1011, et al.

The DOE issued a Decision and Order concerning 44 Applications for Refund filed by purchasers of products covered by a consent order that the agency entered into with Getty Oil Company. Each applicant submitted information indicating the volume of its Getty purchases. None of them was entitled to a refund greater than the $5,000 small claims refund amount. The sum of the refunds approved in this Decision is $125,962, representing $63,250 in principal and $62,712 in accrued interest.

Getty Oil Company/Armstrong Oil Company, et al., 8/6/87, RF265–1474, et al.

The DOE issued a Decision and Order concerning 96 Applications for Refund filed by purchasers of products covered by a consent order that the agency entered into with Getty Oil Company. Each applicant submitted information indicating the volume of its Getty purchases. None of them was entitled to a refund greater than the $5,000 small claims refund amount. The sum of the refunds approved in this Decision is $309,615, representing $155,475 in principal and $154,140 in accrued interest.

Gulf Oil Corporation/H.M. Oppel, 8/6/87, RF40–2600

The DOE issued a Decision concerning the Application for Refund from the Gulf Oil Corporation consent order fund filed by H.M. Oppel. In considering the application, the DOE found that H.M. Oppel had failed to meet the cost-absorption requirement. Rather, the applicant stated that it passed through to its customers any Gulf price increases. Accordingly, the firm's refund application was denied.

Gulf Oil Corporation/Hughes Service, 8/6/87, RF40–1873 et al.

The DOE issued a Decision granting four Applications for Refund from the Gulf Oil Corporation consent order fund filed by retailers and resellers of Gulf refined products. In considering the applications, the DOE found that each of the claimants had demonstrated that it would not have been required to pass through to its customers a cost reduction equal to the refund claimed. Accordingly, the firms were granted refunds totalling $4,100, representing $3,248 in principal plus $852 in interest.

Gulf Oil Corporation/May's Gulf, 8/4/87, RF40–229

The DOE issued a Decision concerning the Application for Refund from the Gulf Oil Corporation consent order fund filed by May's Gulf. In considering the application, the DOE found that May's Gulf had failed to meet the cost-absorption requirement. Rather, the applicant stated that it passed through to its customers any Gulf price increases. Accordingly, the firm's refund application was denied.

Gulf Oil Corporation/Three Brothers Gulf, 8/6/87, RF40–3703

The DOE granted a refund from the Gulf Oil Corporation deposit fund escrow account to the Three Brothers Gulf, a retailer of Gulf petroleum products. Three Brothers demonstrated that it would not have been required to reduce their selling prices to their customers by the amount of the refund received. The refund to Three Brothers totalled $1,575.

Kaiser Sand & Gravel Company and Reed Crushed Stone Co., Inc., 8/4/87, RF270–1515, RF270–1518

The Department of Energy (DOE) issued a Decision and Order approving in part the volumes of two applicants for refunds from the Surface Transporters Escrow, established as a result of the Stripper Well Settlement Agreement. The DOE eliminated from the applications of Kaiser Sand & Gravel Company and Reed Crushed Stone Company, Inc. the portion of the claims based on ineligible gallons of asphalt oil and ineligible gallons used in quarrying equipment and water transportation. The DOE will determine a per gallon refund amount and establish the amount of each company's refund based on their adjusted volumes after it completes its analysis of all Surface Transporter claims.

Marathon Petroleum Company/Cheker Oil Company, 8/4/87, RF250–1984, RF250–2730

The DOE issued a Decision and Order denying an Application for Refund submitted by Cheker Oil Company in connection with the Marathon Petroleum Company refund proceeding. The DOE found that it would be inappropriate to issue a refund to Cheker because the firm is a division of a wholly owned subsidiary of Marathon. For the same reason, the DOE rescinded a refund previously granted to Cheker in the Marathon proceeding. Cheker was directed to remit $4,904, the total refund it received pursuant to a previous decision, plus $123 in interest.

Poole Truck Line, Inc. and Lucky Stores, Inc., 8/5/87, RF270–2355, RF270–2392

The DOE issued a Decision and Order approving the purchase volumes claimed by a "for hire" carrier and a private carrier in connection with the Surface Transporters Escrow. Poole Truck Line, Inc. and Lucky Stores, Inc. substantiated their claims by providing copies of the records they used in deriving their claim amounts. The DOE stated that because the size of a Surface refund will depend upon the total number of gallons that are ultimately approved, the actual amount of the two firms' refunds will be determined at a later date. The total volume approved for the two firms in this Decision is 104,062,889 gallons.

Pyrofax Gas Corporation/Central Foundry Company, 8/4/87, RF277–41

The DOE issued a Decision and Order concerning an Application for Refund filed on behalf of Central Foundry Company (CFC), an ultimate consumer of Pyrofax Gas Corporation propane. CFC applied for a refund based on the procedures outlined in *Pyrofax Gas Corporation*, 15 DOE ¶ 85,494 (1987), governing the disbursement of settlement funds received from Pyrofax pursuant to a March 23, 1981 Consent Order. Since CFC was an end-user, the firm was found to have been injured by Pyrofax's alleged overcharges. After examining the application and supporting documentation submitted by CFC, the DOE granted the firm a refund of $389,574, representing $225,629 in principal and $163,945 in accrued interest.

Student Transit—Eau Claire, Inc. et al., 8/4/87, RF270–586 ET AL.

The DOE issued a Decision and Order in connection with its administration of the $10.75 million escrow fund established for surface transporters pursuant to the settlement agreement in the DOE stripper well exemption litigation. The DOE approved the gallonages of refined petroleum products claimed by four bus companies and will use those gallonages as a basis for the refunds that will ultimately be issued to the four firms. The DOE stated that because of the size of a surface transporter, applicant's refund will depend upon the total number of gallons that are ultimately approved, the actual amounts of the four firms' refunds will be determined at a later date.

Dismissals

The following submissions were dismissed:

Name and Case No.

City Taxicab & Transfer Co., Inc., RF270-132
Duluth Transit Authority, RF270-16
Joseph L. Redding, Jr., KFA-0108
Money Saver Station, RF238-79
Redding Petroleum, Inc., RF238-48
Remsen Tank Line Co., RF225-5647

Copies of the full text of these decisions and orders are available in the Public Reference Room of the Office of Hearings and Appeals, Room 1E-234, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, Monday through Friday, between the hours of 1:00 p.m. and 5:00 p.m., except federal holidays. They are also available in *Energy Management: Federal Energy Guidelines*, a commercially published loose leaf reporter system.

September 15, 1987.

George B. Breznay,

Director, Office of Hearings and Appeals.

[FR Doc. 87-21823 Filed 9-21-87; 8:45 am]

BILLING CODE 6450-01-M

Issuance of Decisions and Orders; Week of August 10 Through August 14, 1987

During the week of August 10 through August 14, 1987, the decisions and orders summarized below were issued with respect to appeals and applications for other relief filed with the Office of Hearings and Appeals of the Department of Energy. The following summary also contains a list of submissions that were dismissed by the Office of Hearings and Appeals.

Appeal

David R. Soler, 8/13/87, KFA-0106

David R. Soler filed an Appeal from a denial by the Freedom of Information Authorizing Official of the Princeton Area Office of the Department of Energy (DOE) of a Request for Information which he submitted under the Freedom of Information Act (the FOIA). In considering the Appeal, the DOE found that an adequate search had been conducted in response to the request and that no responsive documents existed. Therefore, the Appeal was denied.

Remedial Order

Aweco, Inc. and Billy K. Hargis, 8/13/87, HRO-0179

The DOE issued a final Remedial Order to AWECO, Inc. and Billy K. Hargis (the Respondents). In that Order, the DOE found that during the period March 1977 through December 1978, the Respondents violated 10 CFR 212.131 in 364 transactions by miscertifying 11,330,733 barrels of crude oil. The DOE also found that in those same 364 transactions, the Respondents violated 10 CFR 210.62(c) and 205.202 by entering into a series of paper "balancing" transactions in order to conceal their miscertification violations. On this latter point, DOE determined that the Respondents' sole purpose in engaging in these paper transactions was to subvert the certification regulations. DOE concluded by finding that the Respondents' actions in this regard caused them to reap unwarranted profits at the expense of the consuming public who needlessly paid the resulting increase in the price of petroleum products. For these regulatory violations, the DOE ordered the Respondents to pay the DOE $50,914,843.25 plus appropriate interest.

The DOE also found that during the period January through December 1978 the Respondents received illegal revenues totalling $2,386,171.03 as a result of reselling crude oil in 51 transactions at prices in excess of those permitted by 10 CFR 212.186. The Remedial Order requires the Respondents to pay to the DOE the above-stated amount plus appropriate interest.

Further, the DOE determined in the Remedial Order that the Respondents violated 10 CFR 212.186 in certain of their crude oil resales during October 1978. With respect to this regulatory violation, the DOE found that in a series of transactions the Respondents sold the same crude oil twice at prices in excess of the actual prices they paid for the crude, while failing to perform any service or other function traditionally and historically associated with the resale of crude oil. The Remedial Order requires the Respondents to pay $409,120.02 plus appropriate interest in restitution for their layering activities in October 1978.

Finally, the DOE determined that in seven transactions during the period March through December 1977 the Respondents violated 10 CFR 210.62(c) and 205.202 when they inserted themselves between two other resellers and sold crude oil at a substantial mark-up to their customers. The DOE further found that while the Respondents were engaged in the above-described practice, they performed no role in the production, distribution, or refining of the crude oil they purchased and sold. As a result of these regulatory violations, the Remedial Order requires the Respondents to pay the DOE $800,568.36, plus appropriate interest.

In summation, the DOE held that the Respondents jointly and severally liable for regulatory violations in the amount of $54,510,702.66, exclusive of interest. According to the Remedial Order, the Respondents are obligated to pay the above-stated sum, plus appropriate interest, to the DOE for ultimate distribution pursuant to 10 CFR Part 205, Subpart V.

Interlocutory Orders

Powerine Oil Company, 8/14/87, KRZ-0036, KRZ-0037, KRZ-0038, HRD-0131, HRD-0094 and HRH-0094

The DOE issued a Decision and Order considering six procedural motions filed in connection with a Proposed Remedial Order (PRO) issued to Powerine Oil Company by the Economic Regulatory Administration (ERA). Powerine filed three Motions to Dismiss, asserting that (1) the Office of Hearings and Appeals has no authority to adjudicate DOE enforcement actions, (2) the interest and refund provisions of the PRO should be dismissed, and (3) a declaration by the auditing DOE employee should be dismissed; a Motion for Discovery concerning ERA's calculations in the PRO exhibits, DOE rulemakings, contemporaneous construction of certain crude oil regulations, and negotiations surrounding an earlier settlement agreement between Powerine and the FEA; a Motion for Evidentiary Hearing; and a Request for Production of Documents. The DOE denied all of the above motions, finding that (1) no basis existed for dismissal of the PRO, (2) the requested discovery (including document production) was either irrelevant or had already been provided to Powerine by ERA, and (3) the evidentiary hearing motion did not establish the existence of disputed facts.

Reinauer Petroleum Company, Economic Regulatory Administration, 8/14/87, KRZ-0045, KRZ-0061 and KRR-0027

Reinauer Petroleum Company objected to a Motion to Amend the Proposed Remedial Order issued to the firm by the Economic Regulatory Administration on November 19, 1982. In the PRO, as supplemented by the Motion to Amend, the ERA alleged that Reinauer received $224,541.33 in overcharges as a result of its violation of the petroleum price regulations set forth in 10 CFR 212.93 in its sales of motor gasoline during the period April 1, 1979 through September 30, 1979. The PRO was remanded to the ERA for recomputation of the alleged overcharges. *Reinauer Petroleum Co.*, 12 DOE ¶ 83,016 (1984). In considering the firm's objections, the DOE determined that most of the firm's arguments fell outside the narrow scope of the remand proceeding. The DOE also rejected the firm's alternative method of recomputing overcharges on the grounds that the method was not sanctioned by the regulations. Accordingly, the DOE issued a rinal Remedial Order to Reinauer which requires the firm to remit the overcharges to the DOE for deposit into a DOE escrow account for ultimate disbursement pursuant to 10 CFR Part 205, Subpart V.

In the Decision, the DOE also denied a Motion to Strike filed by the ERA and a Motion for Reconsideration filed by Reinauer. The Motion to Strike was denied on the grounds that the ERA had not shown that unusual or prejudicial circumstances existed which would warrant approval of the Motion. The Motion for Reconsideration, which requested reconsideration of the DOE's determination in the remand order to impose interest on the alleged overcharges, was denied on the grounds the firm had not provided evidence of significantly changed circumstances which would necessitate reconsideration. Specifically, the DOE found that TECA's decision in *Joseph Stertz* v. *Gulf Oil Corp.*, 783 F. 2d 1064 (Temp. Emer. Ct. App. 1986), was not grounds for reconsideration of the interest issue.

Supplemental Order

J.D. Streett & Company, Inc./Economic Regulatory Administration, 8/14/87, KRX-0040, KRZ-0063 and KRR-0022

The DOE issued a major Interlocutory Order (Case No. KRX-0040) which resolved most of the issues in the Proposed Remedial Order (PRO) proceeding involving J.D. Streett & Company, Inc. (Streett). The PRO alleges that during the audit period January 1, 1978 through November 30, 1979, Streett sold motor gasoline in violation of the price regulations codified at 10 CFR Part 212, Subpart F and as a result overcharged its customers in the amount of $2,948,350.46. Since the filing of the initial pleadings in the proceeding, both the ERA and Streett have submitted revisions of the overcharges alleged in the PRO based upon the ERA's audit methodology. In the Order, the DOE determined that the overcharge recalculations submitted by Streett and the ERA are inaccurate. Accordingly, the DOE directed Streett to supply the ERA with additional information concerning its product costs, prices, and pre-audit and audit period unrecouped product cost banks, and remanded for revisions based on the rulings made on the legal issues and the new factual data to be submitted by the firm.

In the Order, the DOE determined that the PRO establishes a prima facie case of regulatory violation and that the ERA correctly determined that Streett was a gasoline "reseller" during the audit period. Further, the DOE upheld the ERA's application of the general gasoline price rule codified at 10 CFR 212.93 in auditing Streett's sales of unleaded gasoline. In addition to the legal challenges to the PRO, the DOE addressed the validity of the ERA's audit methodology. First, the DOE determined that in the absence of a specific unleaded gasoline price rule, the ERA acted reasonably in imputing the May 15, 1973 price of leaded regular gasoline to Streett's sales of unleaded gasoline. Second, in an issue of first impression, the DOE considered whether unleaded and regular leaded gasoline should be treated as the same product for product costs. Noting that historically resellers maintained price differentials between those two grades of gasoline, the DOE determined that the increased costs of unleaded gasoline should be determined separately from leaded gasoline. In so holding, the DOE also rejected Streett's contention that it be allowed to "commingle" its unrecouped product cost banks for leaded and unleaded gasoline. While upholding the ERA's audit methodology concerning unleaded gasoline sales, the DOE rejected the ERA's treatment of Streett's product costs. The ERA had revised Streett's costs on a separate inventory basis. After reviewing Streett's unorthodox inventory cost accounting method, the DOE determined that Streett had in fact used firm-wide inventory cost accounting and ordered the ERA to revise Streett's product costs accordingly. At the same time, the DOE rejected certain cost adjustments claimed by Streett, finding that they were in fact phantom costs or non-product costs.

In addition to resolving the issues noted above, the Order also denied two motions relating to the PRO. First, the DOE rejected a Motion to Amend the PRO filed by the ERA on December 19, 1986 (Case No. KRX-0040), finding that the ERA's proposed PRO revisions contained the above-noted audit methodology errors. Second, the DOE rejected a Motion for Reconsideration filed by Streett on March 12, 1987 (Case No. KRR-0022) in which Streett requested that OHA reconsider a prior determination not to dismiss the PRO.

Refund Applications

Allied Materials/Poteau Petroleum Products, 8/14/87, RF194-6

Poteau Petroleum Products (Poteau) filed an Application for Refund in which it sought a portion of the consent order funds obtained from Allied Materials Corp. and Excell Corp. (Allied) (consent order no. 660S00302Z). The applicant's level of refined petroleum product purchases from Allied during the consent order period resulted in it being eligible for a refund in excess of the small claims threshold amount. Based on the price and unrecouped cost data which the applicant submitted, the DOE determined that the applicant was injured during 14 months of the consent order period. In accordance with the procedures set forth in *Allied Materials Corp. and Excell Corp.*, 13 DOE ¶ 85,095 (1985), Poteau's refund was calculated based upon the amount of refined petroleum products purchased during these 14 months. The DOE determined that Poteau was entitled to a refund of $6,183 ($4,223 in principal and $1,960 in interest).

Bluebird, et al., 8/10/87, *RF270-1799 et al.*

The DOE issued a Decision and Order in connection with its administration of the $10.75 million escrow fund established for surface transporters pursuant to the settlement agreement in the DOE Stripper Well Exemption litigation. The DOE approved the gallonages of refined petroleum products claimed by twenty-four trucking companies and will use those gallonages as a basis for the refund that will ultimately be issued to the twenty-four firms. The DOE stated that because the size of a surface transporter applicant's refund will depend upon the total number of gallons that are ultimately approved, the actual amounts of the twenty-four firms' refunds will be determined at a later date.

Brown's Bakery, Inc. et al., 8/13/87, *RF270-1651 et al.*

The Department of Energy (DOE) issued a Decision and Order approving the volumes of twenty-one Applications for Refund from the Surface Transporters Escrow, established as the result of the Stripper Well Settlement Agreement. The DOE will determine a per gallon refund amount and establish the amount of each company's refund after it completes its analysis of all Surface Transporter claims.

Coline Gasoline Corp./Pennsylvania et al., 8/13/87, *RQ2-362 et al.*

The DOE issued a Decision and Order granting a second-stage refund application submitted by the Commonwealth of Pennsylvania and disapproving a second-stage refund application submitted by the State of Montana. Pennsylvania will use $3,869,798 from the Coline Gasoline Corp., the National Helium Corp., the Pennzoil Company and the Standard Oil Company (Indiana) escrow accounts to fund the weatherization of low-income housing. The DOE denied Montana's proposal to fund the replacement of mercury vapor outdoor lighting with a more efficient variety of high pressure sodium lights.

D&P Trucking Company, Inc., Schafer Bakeries, Inc. and Einck Trucking, 8/14/87, *RR270-1, RR270-5 and RR270-7.*

D&P Trucking Company, Inc., Schafer Bakeries, Inc. and Einck Trucking filed Motions for Reconsideration of the dismissal by the DOE of their Applications for Refund from the Surface Transporters Escrow fund. Each firm's refund application had been dismissed because it was filed after the filing deadline established for Surface Transporter applications. In considering each firm's reason for late filing set forth in its Motion, the DOE found that none of the firms had convincingly demonstrated that its filing burden differed from any of the approximately 2400 firms that managed to file timely applications. Accordingly, the Motions for Reconsideration were denied.

Dravo Mechling Corporation et al., 8/13/87, *RF271-87 et al.*

The Department of Energy (DOE) issued a Decision and Order approving applications submitted by six water transporters for refunds from the Rail and Water Transporters Escrow established as a result of the Stripper Well Settlement Agreement. The methods used by the applicants for estimating their consumption of petroleum products were similar to those accepted by the DOE in previous Rail and Water decisions. Two of the applicants erred in the calculation of their respective claims and the DOE recalculated their gallonage correctly. The DOE rejected the estimation technique used by one of the applicants and recalculated its gallonage by averaging the year immediately prior to and the year immediately following the time period for which the estimate was used. The DOE will determine a per gallon refund amount and establish the amount of each applicant's refund after it completes its analysis of all Rail and Water claims.

Getty Oil Company/Alma Gas & Equipment Co. et al., 8/14/87, RF265-1092 et al.

The DOE issued a decision and Order concerning five Applicants for Refund filed by purchasers of products covered by a consent order that the agency entered into with Getty Oil Company. Each applicant submitted information indicating the volume of its Getty purchases. In two of these cases, the applicants were eligible for a claim below the $5,000 threshold. In the remaining three cases, the applicants elected to limit their claims to $5,000. The sum of the refunds approved in this Decision is $24,625, representing $12,365 in principal and $12,260 in accrued interest.

Getty Oil Company/Johnny's Getty Service,Inc., 8/14/87, RF265-1390.

The DOE issued a Decision and Order concerning an Application for Refund filed by

Johnny's Getty Service, Inc. (JGS) with respect to its purchases of products covered by a consent order that the agency entered into with Getty Oil Company. JGC submitted information indicating the volume of its Getty purchases which establishes eligibility for a claim below the $5,000 threshold. The sum of the refund approved in this Decision is $5,925, representing $2,975 in principal and $2,950 in accrued interets.

Gulf Oil Corporation/F.J. Stanford, Jr., 8/13/87, RF40–321.

The DOE issued a Decision concerning the Application for Refund from the Gulf Oil Corporation consent order fund filed by F.J. Stanford, Jr. In considering the application, the DOE found that F.J. Stanford had failed to meet the cost-absorption requirement. Rather, the applicant stated that it passed through to its customers any Gulf price increases. Accordingly, the firm's refund application was denied.

Gulf Oil Corporation/Smethport Gulf et al., 8/14/87, RF40–2376 et al.

The DOE issued a Decision and Order concerning seven Applications for Refund filed by retailers of Gulf Oil Corporation petroleum products. Each firm applied for a refund based on the procedures outlined in *Gulf Oil Corporation*, 12 DOE ¶ 85,048 (1984), which governs the disbursement of settlement funds received from Gulf pursuant to a 1978 Consent Order. In accordance with those procedures, each applicant demonstrated that it would not have been required to pass through to its customers a cost reduction equal to the amount of the refund claimed. After examining the applications and supporting documentation submitted by the claimants, the DOE concluded that they should receive refunds totaling $10,646, representing $8,435 in principal and $2,211 in accrued interest.

Gulf Oil Corporation/Strubes Propane, Inc., 8/13/87, RF40–3579.

The DOE issued a Decision and Order concerning an Application for Refund filed by Energy Refunds, Inc. on behalf of Strubes Propane, Inc. (Strubes), a reseller/retailer of Gulf refined petroleum products. The firm applied for a refund based on the procedures outlined in *Gulf Oil Corp.*, 12 DOE ¶ 85,048 (1984). In reviewing the application, the DOE determined that Strubes' application was based on purchases made by Duncan Gulf Service Stations and Butane Company, which Strubes purchased after the Gulf consent order period. The DOE further determined that although the right to a refund was not one of the assets of Duncan that Strubes acquired pursuant to the purchase and sale agreement between Strubes and Duncan, Strubes was eligible to receive a refund because the Trustee for Duncan subsequently assigned to Strubes Duncan's right to the Gulf refund. Accordingly, the DOE concluded that Strubes should receive a refund of $3,142 ($2,489 principal plus $653 interest).

Hall's Motor Transit Company, 8/14/87, RF270–1126.

The DOE issued a Decision evaluating a trucking company's Surface Transporter claim. After correcting mathematical errors in the application and excluding volumes purchased by owner operators, the DOE approved the company for a refund. The Decision describes the method by which the DOE verified and adjusted the company's large volume claim.

The Decision distinguishes between: (1) Volumes purchased by owner operators who leased their vehicles and services to a carrier and (2) volumes purchased by a carrier for use in other rented vehicles. In most carrier/owner operator relationships, the owner operator was responsible for the fuel costs and therefore owner operator volumes should be excluded from the carrier's claim. However, if the carrier did not use owner operators but merely rented vehicles and paid for the vehicles' fuel, the carrier would be eligible for a refund based on the fuel.

Luzerne County Transportation Authority, 8/12/87, RF270–1713.

The Department of Energy (DOE) issued a Decision and Order denying an Application for Refund from the Surface Transporters Escrow, estalished as the result of the Stripper Well Settlement Agreement. In its analysis of the Application, the DOE discovered that Luzerne County Transportation Authority was a governmental authority and was therefore not eligible to receive a refund from the Surface Transporters Escrow.

Marine Petroleum Company and Mars Oil Company/Moffit Oil Company et al., 8/14/87, RF257–1 et al.

The DOE issued a Decision and Order concerning 17 Applications for Refund filed by resellers and retailers of Marine Petroleum Company and Mars Oil Company motor gasoline. Each firm applied for a refund based on the procedures outlined in *Marine Petroleum Company and Mars Oil Company*, 14 DOE ¶ 85,361 (1986), governing the disbursement of settlement funds received from Marine pursuant to a September 1, 1981 Consent Order. Since all of the applicants claimed refunds of $5,000 or less, they were presumed to have been injured by Marine's alleged overcharges. After examining the applications and supporting documentation submitted by the claimants, the DOE concluded that they should receive refunds totalling $44,526, representing $28,467 in principal and $16,059 in accured interest.

Midland Enterprises Inc. et al., 8/12/87, RF271–113 et al.

The Department of Energy (DOE) issued a Decision and Order approving applications submitted by six water transporters for refunds from the Rail and Water Transporters Escrow established as a result of the Stripper Well Settlement Agreement. The methods used by the applicants were similar to those accepted by the DOE in previous Rail and Water decisions. The DOE will determine a per gallon refund amount and establish the amount of each applicant's refund after it completes its analysis of all Rail and Water claims.

New England Telephone and Telegraph Company, 8/14/87, RR270–4.

New England Telephone and Telegraph Company (NETTCO) filed a Motion for Reconsideration of the dismissal by the DOE of its Application for Refund from the Surface Transporters Escrow fund. The firm's refund application had been dismissed because it was filed after the filing deadline established for Surface Tansporter applications. In its Motion, NETTCO claimed that it had been granted an extension of time to file its refund application by an OHA employee. The DOE found NETTCO's claim to be both unsubstantiated and unpersuasive. Accordingly, the firm's Motion for Reconsideration was denied.

Palo Pinto Oil & Gas/Texas et al. 8/13/87, RQ5–376 et al.

The DOE issued a Supplemental Order regarding a second-stage refund application filed by Texas and approved by the OHA in 1984. *Standard Oil Company (Indiana)/Texas*, 12 DOE ¶ 85,154 (1984). That Decision required that Texas file a post-plan report within two years of the date of the Decision, specifying the manner in which the funds approved by OHA had been spent. On May 22, 1987, Texas submitted this post-plan report. However, the report indicated that none of the funds approved by OHA had as yet been spent. The DOE found that Texas should file a motion for modification within 90 days of the date of this Decision.

Paull's Transport, 8/12/87, RF270–1695.

The Department of Energy (DOE) issued a Decision and Order denying an Application for Refund from the Surface Transporters Escrow that was established as the result of the Stripper Well Settlement Agreement. In its analysis of the Application, the DOE determined that Paull's Transport was a self-serve service station during the Settlement Period and was therefore barred from receiving a refund from the Surface Transporters Escrow.

Robert E. Griffith Enterprises, 8/12/87, RF270–1689.

The Department of Energy (DOE) issued a Decision and Order denying an Application for Refund from the Surface Transporter Escrow that was established as the result of the Stripper Well Settlement Agreement. In its analysis of the Application, the DOE determined that Robert E. Griffith Enterprises (Griffith) has purchased less than the 250,000 gallon minimum for Surface Transporters claims set forth in the *Order Establishing Surface Transporters Escrow*. As a result, the DOE determined that Griffith was not a member of the class of Surface Transporters for purposes of the Surface Transporters refund proceeding and therefore was ineligible to receive a refund from the Surface Transporters Escrow.

Shupe Brothers Company, et al., 8/14/87, RF270–2446, et al.

The DOE issued a Decision and Order concerning four Applications for Refund from the Surface Transporters Escrow submitted after the filing deadline. Each of the applicants stated that it had difficulty assembling the records it needed to file its claim. The DOE determined that none of the applicants had demonstrated that its burden was greater than that of the 2400 Surface Transporters that managed to file timely applications. Therefore, all four applications were dismissed as untimely.

Southern Union Company/Chevron, U.S.A., Inc., 8/14/87, RF182–1.

The DOE issued a Decision and Order granting a refund to Chevron, U.S.A. Inc., from the Southern Union Company escrow account. Chevron is a refiner of Southern Union petroleum products. Chevron's refund was limited to the threshold level because it could not provide adequate proof of injury. Accordingly, the DOE granted a refund to Chevron totalling $8,409 ($5,000 in principal plus $3,409 in interest).

St. Mary's Railroad Co., et al., 8/10/87, RF 271–2 et al.

The DOE issued a Decision and Order approving applications submited by 16 companies for refunds from the Rail and Water Transporters (RWT) Escrow established as a result of the Stripper Well Settlement Agreement. OHA found that all 16 applicants had established that they were members of the RWT class, and had substantiated their purchases of the volumes of U.S. petroleum products claimed in their respective applications. Accordingly, OHA approved all 16 applications. The DOE will determine a per gallon refund amount and establish the amount of each applicant's refund after it completes its analysis of all Rail and Water claims.

Standard Oil Company (Indiana)/New York, 8/13/87, RQ21–385.

The DOE issued a Supplemental Order regarding a second-stage refund application filed by New York and approved in 1984. *Standard Oil Company (Indiana)/Nevada*, 12 DOE ¶ 85,090 (1984). That Decision required New York to file a post-plan report within two years of the date of the Decision, specifying the manner in which the funds approved by OHA had been spent. On July 6, 1987, New York submitted this post-plan report. However, the report indicated that funding for the Homesteading Rehabilitation Program had not been approved by the New York legislature and that the State intends to use the funds for energy conservation improvements in a building being rehabilitated by the New York City Department of Housing. The DOE found that New York is not permitted to use Amoco second-stage refund monies to fund a program about which the OHA knew nothing and that the State must submit a motion for modification within 90 days.

Strothman Express, Inc., et al., 8/12/87, RF270–1197, et al.

The Department of Energy issued a Decision approving applications submitted by five trucking companies and a company that maintained a private fleet for refunds from the Surface Transporter Escrow, established as a result of the Stripper Well Agreement. These companies were Strothman Express, Inc., National Tank Truck Delivery, Merritt Packing & Crafting, Ohio Delivery, Inc., Superior Transfer Company and Parts Transport, Inc. Each applicant applied for a refund based on its purchases of motor gasoline and diesel fuel between August 19, 1973 and January 27, 1981. Each applicant demonstrated that it was a Surface Transporter and purchased a certain volume above the 250,000 gallon minimum established in the *Order Establishing Surface Transporter Escrow and Prescribing Provision for Administration of the Fund*. ¶ 16. Accordingly, the companies' volume of gallons were approved in full. The approved volumes will be used to calculate each applicant's final refund. The DOE stated that because the size of a Surface Transporter applicant's refund will depend upon the total number of gallons that are ultimately approved, the actual amount of the applicant's refund will be determined at a later date. The total number of gallons approved in the Decision is 6,799,993.

Tenneco Oil Corporation/Ryan's Jet Gas, et al., 8/12/87, RF7–150 et al.

The DOE issued a Decision and Order granting five Applications for Refund from the Tenneco Oil Corporation escrow account. The applicants were retailers of Tenneco petroleum products. The DOE granted refunds totalling $6,476 ($5,223 in principal and $1,253 in interest).

Dismissals

The following submissions were dismissed:

Name and Case No.

American Transit Corp.—RF271–129.
Anton A. Bond—RF225–4557.
Bob Hunt—RF225–2572, RF225–2574.
Buxton Oil Co.—RF225–8711, RF225–8712, RF225–8713, RF225–8714.
Dave's Mobile Inc.—RF225–5526.
Earl Phillips—RF225–2633.
Erickson's Diversified Corp.—RF270–2347.
Golden City Fuel Oil Co., Inc.—RF225–6461.
Grigus Mechanical, Inc.—RF225–467.
Joseph S. Hilbert—RD225–530, RF225–531.
Pepe Motors Corp.—RF225–4253.
Progressive Oil Co., Inc.—RF225–4270.
Richard R. Vanasse—RD225–3299.
Riffle Petroleum Co.—RF225–8106.
Robert Meadows—RD225–4572.
Superior Companies, Inc.—RF225–4603.
W. Greg Ryberg—RF225–2636.
Wallace E. Osburn—RF225–5057.
Zakaria A. Shams—RD225–2648.

Copies of the full text of these decisions and orders are available in the Public Reference Room of the Office of Hearings and Appeals, Room 1E–234, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585, Monday through Friday, between the hours of 1:00 p.m. and 5:00 p.m., except federal holidays. They are also available in *Energy Management: Federal Energy Guidelines*, a commercially published loose leaf reporter system.

September 15, 1987.

George B. Breznay,

Director, Office of Hearings and Appeals.

[FR Doc. 87–21824 Filed 9–21–87; 8:45 am]

BILLING CODE 6450–01–M

ENVIRONMENTAL PROTECTION AGENCY

[FRL–3265–4]

Prevention of Significant Deterioration of Air Quality (PSD) Final Determinations

AGENCY: United States Environmental Protection Agency.

ACTION: Notice of final actions.

SUMMARY: The purpose of this notice is to announce that between February 1, 1987 and June 30, 1987, the New York State Department of Environmental Conservation (NYSDEC) issued four final determinations pursuant to the Prevention of Significant Deterioration of Air Quality (PSD) regulations codified at 40 CFR 52.21.

This notice also announces one final determination made by the NYSDEC on January 28, 1987 which was inadvertently omitted from Region II's last **Federal Register** notice on PSD final actions.

DATES: The effective dates for the above determinations are delineated in the following chart (See **SUPPLEMENTARY INFORMATION**).

FOR FURTHER INFORMATION CONTACT: Mr. Kenneth Eng, Chief, Air and Environmental Applications Section, Permits Administration Branch, Office of Policy and Management, U.S. Environmental Protection Agency, Region II Office, 26 Federal Plaza, Room 432, New York, New York 10278, (212) 264–4711.

SUPPLEMENTARY INFORMATION: Pursuant to the PSD regulations, the NYSDEC has made final determinations relative to the sources listed below:

Name of applicant	Location	Project description	Reviewing agency	Final action	Date of final action
Moench Tanning Company	Persia, New York	Construction of a leather tanning line	NYSDEC	PSD Nonapplicability determination.	1/28/87
Barrett Paving Materials, Inc	Pamelia, New York	Construction of a new asphalt concrete plant including limestone mining and crushing operations.	NYSDEC	PSD Nonapplicability determination.	4/29/87
Metal Container Corp	New Windsor, New York.	Construction of a beverage can manufacturing plant	NYSDEC	PSD Applicability determination.	5/27/87
Jones Black River Services, Inc	Fort Drum, New York	Installation of a new coal and wood-fired fluidized bed combustion facility.	NYSDEC	PSD Permit approval	6/01/87

Name of applicant	Location	Project description	Reviewing agency	Final action	Date of final action
TBG Cogen	Bethpage, New York	Construction of a combined cycle cogeneration plant with a maximum usable capacity of 49.9 megawatts.	NYSDEC	PSD Applicability determination.	6/24/87

This notice lists only the sources that have received final PSD determinations. Anyone wishing to review these determinations and related materials should contact the following office:

NYSDEC Actions

New York State Department of Environmental Conservation, Division of Air Resources, Source Review and Regional Support Section, 50 Wolf Road, Albany, New York 12233-0001.

If available pursuant to the Consolidated Permit Regulations (40 CFR Part 124), judicial review of these determinations under section 307(b)(1) of the Clean Air Act (the Act) may be sought *only* by the filing of a petition for review in the United States Court of Appeals for the appropriate circuit within 60 days from the date on which these determinations are published in the **Federal Register**. Under section 307(b)(2) of the Act, these determinations shall not be subject to later judicial review in civil or criminal proceedings for enforcement.

Dated: September 3, 1987.

Christopher J. Daggett,

Regional Administrator.

[FR Doc. 87-21804 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

[FRL—3265-6]

Superfund; Proposed Settlement Under Comprehensive Environmental Response Compensation and Liability Act; Union Chemical Co., Inc.

In accordance with section 122(i)(1) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1986, as amended, notice is hereby given of a proposed administrative settlement concerning the Union Chemical Co. Inc. hazardous waste site in South Hope, Maine. The settlement agreement has been proposed by the Regional Administrator for EPA Region I on September 16, 1987. The agreement has been signed jointly with the Maine Department of Environmental Protection. Below are listed the settling parties to the agreement:

Action Manufacturing, Inc.; J.K. Adams Company, Inc.; Adams-Russell Electronics, Co., Inc.; Affiliated Laboratory, Inc.; Albany International Corp.; Alco Standard Corp.; Standard Uniform Rental Services, Inc.; American Business Systems, Inc.; American National Can Company; National Integrated Industries, Inc. dba American Electro Products; American Stabilis Inc.; AMF Inc.; Ampad Corp.; Amtrol, Inc.; Anson, Inc.; Arden Jewelry Mfg., Co., Inc.; Ark-les Corp.; Arkwright, Inc.; Artfaire/CPS Corp.; Ascutney Metal Products, Inc.; Astro Wire & Cable; Audio Accessories, Inc.; ITT Corp./ITT Autowize Unit; Axton Cross Company, Inc.; BIF; The Baker Company Inc.; L.G. Balfour Company, Inc.; Banton, Inc.; Barry Wright Corp.; Becton, Dickinson and Co.; BenMont Corp.; The Stanley Works (Bostitch/Division); Boston Whaler; Bottoms USA Inc.; Bryant Grinder Corporation; Burndy Corporation; Camden Tanning Corporation; Carleton Woolen Mills Inc.; TRW (Carr); Central Coating Co., Inc.; Genicom Corp. Chem-Clean Furniture Restoration (Allentown, PA); Chem-Clean of Union County; Chemical Pollution Control Inc.; Chemical Recovery, Inc.; Church Seat Company; Cianbro Corporation; Cincinnati Milacron-Heald Corporation; Clarostat Mfg. Company, Inc.; Clean Harbors of Kingston, Inc.; Columbia Services, Inc. dba Columbia Dry Cleaners; Columbia Manufacturing Co.; Commercial Disposal Company, Inc.; Congress Technical Spray Co., Inc.; Eaton Corp. (Consolidated Controls); The Continental Corp.; Conway Office Products, Inc.; Cooley, Inc.; Data General Corp.; Data Products, New England Inc.; Datel Inc.; Davidson Interior Trim/Textron; Davol, Inc.; Devcon Corporation; Dexter Shoe Company; Diamond Machine Company; Diaphragm Industries; Dielectric Communications; Dienes Corp.; Digital Equipment Corporation; Dresser Industries, Inc.; Eastern Fine Paper, Inc.; Edwards Company, Inc.; Elektrisola, Inc.; Electrix Inc.; Electronics Corporation of America; Ellis Paperboard Products; Elmier's Pipe Inc.; the Ensign-Bickford Company; Environmental Systems Corp.; Erving Papaer Mills; Esten Machine Company; Colgate Footwear Inc. for Etonic, Inc.; Fairchild Semiconductor Corp.; Emhart Corp.; Fenwal, Inc.; Fiberglass Products Incorporated; FLEXcon Co., Inc.; FMC Corporation; Fonda Cup & Container Group; Forster Manufacturing Company, Inc.; S. N. Foster Company, Inc.; Fothergill Composites, Inc.; The Foxboro Co.; Franklin Electroplating Co., Inc.; Frem Corp.; G & L Machine Corp.; General Electric Company; Diversitech General, Inc./A GenCorp Co.; Great Falls Product Division/Brockhouse Corp.; B. B. Greenberg Company; Grumbacher Inc.; GTE Products Corp.; The Haartz Corp.; Hadco Corp.; Hallowell Shoe Co.; Hamblett & Hayes, Co.; Samuel P. Harris Inc.; Hazen Paper Co.; Hebron Academy; Joseph M. Herman Shoe Co.; Hi-G Company Inc.; Hill-Loma, Inc. dba Hill Acme; Henry R. Hinckley & Company Inc.; Imperial Machine Corporation; Independent Cable Inc.; Indiana Screw Machine Products, Inc.; Sheldahl, Inc. (formerly Interconics); IPC Limited Partnership; Unifirst (Interstate Uniform Services); Ionics, Inc.; Irving Tanning Company; ITT Corp./ITT Vulcan Electrict Unit; James River-Otis Division; CF Jameson & Company Inc.; Eaton Corp. (JBT Switches); Jet Line Pollution Control Inc.; Jones & Vining Inc.; Karelis Heel Corp.; Kenway Corporation; Kingfield Wood Products; Kittery Laundry, Inc.; Knox Semiconductor, Inc.; Knox Woolen Company; Kyanize Paints, Inc.; L & A Heel Corp.; Keene Corp.-Laminates Division; Lamson and Goodnow Mfg., Co., A.C. Lawrence Leather Co. Inc.; LCP Chemicals and Plastics, Inc.; Leen Company; Levin Plating, Inc.; W.S. Libery Company; Liberty Research Company, Inc.; Lunt Silversmiths; Keys Fibre Co. on behalf of Madico Incorporated; Maine Dept. of Transportation; Maine Electronics; Maine Medical Center; Maine Printing & Business Forms Co.; Maine Yankee Atomic Power Company; Manville Sales Corp.; Saco Defense, Inc.; Markem Corp.; McCord Winn Division; The Mearl Corporation; W.A. Messer Company; Metalart Buckle Company; Meyerworld; Microwave Techniques Incorporated; Mid-State Machine Products, Inc.; Milton Bradley Company; Modern Electroplating Company, Inc.; Crompton Modutec Incorporated; Monarch Industries, Incorporated; Moore Chemical Company; Morgan Construction Company; Costar Corp.; Nachi Bearing Corp.; Nashua Corporation; Nashua Wood Products Incorporated; NCT Corp.; NEPTCO, Inc.; Newport Plastics Corporation; Parker-Hannifan Corp. dba W.H. Nichols Company; Parker-Hannifan Corp. dba Nichols Fluid Machinery Division; Nike Incorporated/Blue Ribbon Sports; North

East Solvents Rec. Corp.; Northeast Shoe Company; NRC Incorporated; Nu Style Company, Inc.; Nuroco Woodwork Inc.; Omni-Wave Electrnics Corporation; William Ornsteen Heel Company, Inc.; Pak 2000/Division of Ocor Products; Parametrics; Parker Metal Corporation; Parlex Corporation; Permuthane; Phalo Corporation; Philips Elmet Corporation; Photo Fabrication Engineering, Inc.; Poly-Structures Incorporated; Pontiac Weaving Corporation; Port-Poly Incorporated; The Pressmet Corporation; Prime Tanning Company, Inc.; Quin-T Corporation-NH; The Reece Corporation; Rich Tool & Die Company; Rudolph Beaver Inc.; S & H Precision Manufacturing Co., Inc.; SNS Plastics; Sabre Yachts; Safety-Kleen Corp; ChemWaste Mgt, Inc. on behalf of SCA Chemical Services, Inc.; Scola Enterprises, Inc.; Scott Paper Co.; Security Heel Company; Tech/Ops Sevcon, Inc.; Shape, Inc.; Shepherd Chevrolet, Inc.; Silicon Transistor Corporation; Spaulding & Slye Co.; Spectrum Coating Labs; Speidel Div. Textron Inc.; Sprague Electric Co.; Spray Me, Inc.; Spray-O-Matic Corp.; Winnrich, Inc. dba Sproul Dry Cleaners; Stadium Auto Body, Inc.; Stahl Finish; Sterling-Clark-Lurton Corp.; Stinson Canning Co.; Striar Textile Mill; Stultz Electric Motor Systems; Sturm, Ruger & Company, Inc.; Compo Industries Inc.; Suffolk Services, Inc.; Summagraphics Corporation; Surface Coatings, Inc.; Swank, Inc.; Tadco, Inc.; Tek Coatings Co.; Tex-Tech Industries, Inc.; KW Thompson Tool Company, Inc.; Shark Oil dba Three-R Services; Tibbetts Industries, Inc.; Tillotson Rubber Co., Inc.; Touraine Paints, Inc.; Transcom Electronics, Inc.; Troy Mills, Inc.; U.S. Coast Guard; Union/Butterfield; Union Camp Corp.; Union Industries, Inc.; Unitrode Corp.; Upaco Adhesives, Div. Worthen Industries, Inc.; Emhart Corp., on behalf of USM Corporation-Bailey Division; Valiant Finishing Company; Velcro USA, Inc.; Vermont Tap & Die, Division of Vermont American Corp. of Nevada; Borden, Inc.; Watts Fluid-Air; Southern Maine Medical Center; Wilner Wood Products Co.; G.F. Wright Steel and Wire Co.; Xidex Corporation; Colgate Footwear Inc. for Etonic and on behalf of Charles A. Eaton Company, its predecessor; Kalloch Fuel Service, Inc.; Merrill Transport Co.; Sanborn Motor Express, Inc.; St. Johnsbury Trucking Company Inc.

EPA is entering into the agreement under the authority of section 122(h) and 122(d)(3) of CERCLA. The agreement obligates the settling parties: To reimburse EPA for 80% of its past response costs at the site incurred up to May 22, 1987; to conduct a Remedial Investigation/Feasibility Study at the site; to reimburse all EPA contractor oversight costs associated with the RI/FS; and to pay internal EPA oversight costs up to a maximum of $75,000.

The Environmental Protection Agency will receive for thirty days from the date of publication of this notice written comments relating to the agreement. Comments should be addressed to the Regional Administrator, U.S. EPA, Region I, J.F.K. Federal Building, Boston, MA 02203 and should refer to: In the Matter of Union Chemical Co. Inc. Site, U.S. EPA Docket No. 1-87-1104.

A copy of the proposed administrative settlement agreement may be obtained in person or by mail from the Region I Office of Regional Counsel, J.F.K. Federal Building, Boston, MA 02203.

Michael R. Deland,

Regional Administrator.

[FR Doc. 87-21802 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

[OPTS-59832; FRL-3265-2]

Certain Chemicals Premanufacture Notices

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: Section 5(a)(1) of the Toxic Substances Control Act (TSCA) requires any person who intends to manufacture or import a new chemical substance to submit a premanufacture notice (PMN) to EPA at least 90 days before manufacture or import commences. Statutory requirements for section 5(a)(1) premanufacture notices are discussed in EPA statements of the final rule published in the **Federal Register** of May 13, 1983 (48 FR 21722). In the **Federal Register** of November 11, 1984, (49 FR 46066)(40 CFR 723.250), EPA published a rule which granted a limited exemption from certain PMN requirements for certain types of polymers. PMNs for such polymers are reviewed by EPA within 21 days of receipt. This notice announces receipt of three such PMNs and provides the summary.

DATES: Close of Review Period:

Y 87-250, 87-251, and 87-252—September 28, 1987.

FOR FURTHER INFORMATION CONTACT: Stephanie Roan, Premanufacture Notice Management Branch, Chemical Control Division (TS-794), Office of Toxic Substances, Environmental Protection Agency, Room E-611, 401 M Street SW., Washington, DC 20460, (202) 382-3725.

SUPPLEMENTARY INFORMATION: The following notice contains information extracted from the non-confidential version of the submission by the manufacturer on the exemption received by EPA. The complete non-confidential document is available in the Public Reading Room NE-GO04 at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding legal holidays.

Y 87-250

Importer. Confidential.

Chemical. (G) Substituted polycarbonate.

Use/Import. (G) Industrial substrate. Import range: Confidential.

Y 87-251

Manufacturer. Confidential.

Chemical. (G) Polymer of acrylic acid esters, a vinyl monomer, and a methacrylic acid ester.

Use/Production. (G) Laminating adhesive to prepare plastic laminations over printed paper or paper board stock. Prod. range: Confidential.

Y 87-252

Manufacturer. Confidential.

Chemical. (G) Polymer of acrylic acid esters and acrylic acid.

Use/Production. (G) Pressure sensitive adhesives for plastic or paper identification labels. Prod. range: Confidential.

Date: September 11, 1987.

Linda K. Smith,

Acting Director, Information Management Division, Office of Toxic Substances.

[FR Doc. 87-21806 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

[OPTS-51693; FRL-3265-3]

Certain Chemicals Premanufacture Notices

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: Section 5(a)(1) of the Toxic Substances Control Act (TSCA) requires any person who intends to manufacture or import a new chemical substance to submit a premanufacture notice (PMN) to EPA at least 90 days before manufacture or import commences. Statutory requirements for section 5(a)(1) premanufacture notices are discussed in the final rule published in the **Federal Register** of May 13, 1983 (48 FR 21722). This notice announces receipt of forty-nine such PMNs and provides a summary of each.

DATES: Close of Review Period:

P 87-1700, 87-1701 and 87-1702—December 2, 1987.

P 87-1703, 87-1704 and 87-1705—December 6, 1987.

P 87-1706, 87-1707, 87-1708, 87-1709, 87-1710, 87-1711, 87-1712, 87-1713, 87-1714, 87-1715, 87-1716, 87-1717, 87-1718, 87-1719, 87-1720, 87-1721, 87-1722, 87-1723, 87-1724, 87-1725, 87-1726, 87-1727, 87-1728, 87-1729, 87-1730, 87-1731, 87-1732, 87-1733, 87-1734, 87-1735, 87-1736, 87-1737, 87-1738 and 87-1739—December 7, 1987.

P 87-1740, 87-1741, 87-1742, 87-1743, 87-1744, 87-1745, 87-1746, 87-1747 and 87-1748—December 8, 1987.

Written comments by:

P 87-1700, 87-1701 and 87-1702—November 2, 1987.

P 87-1703, 87-1704 and 87-1705—November 6, 1987.

P 87-1706, 87-1707, 87-1708, 87-1709, 87-1710, 87-1711, 87-1712, 87-1713, 87-1714, 87-1715, 87-1716, 87-1717, 87-1718, 87-1719, 87-1720, 87-1721, 87-1722, 87-1723, 87-1724, 87-1725, 87-1726, 87-1727, 87-1728, 87-1729, 87-1730, 87-1731, 87-1732, 87-1733, 87-1734, 87-1735, 87-1736, 87-1737, 87-1738 and 87-1739—November 7, 1987.

P 87-1740, 87-1741, 87-1742, 87-1743, 87-1744, 87-1745, 87-1746, 87-1747 and 87-1748—November 8, 1987.

ADDRESS: Written comments, identified by the document control number "[OPTS-51693]" and the specific PMN number should be sent to: Document Processing Center (TS-790), Office of Toxic Substances, Environmental Protection Agency, Room L-100, 401 M Street SW., Washington, DC 20460, (202) 554-1305.

FOR FURTHER INFORMATION CONTACT: Stephanie Roan, Premanufacture Notice Management Branch, Chemical Control Division (TS-794), Office of Toxic Substances, Environmental Protection Agency, Room E-611, 401 M Street SW., Washington, DC 20460, (202) 382-3725.

SUPPLEMENTARY INFORMATION: The following notice contains information extracted from the non-confidential version of the PMNs received by EPA. The complete non-confidential PMNs are available in the Public Reading Room NE-G004 at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding legal holidays.

P 87-1700

Manufacturer. Confidential.

Chemical. (G) Polyurethane.

Use/Production. (G) Industrial and commercial photopolymer. Prod. range: 1,000 to 3,000 kg/yr.

P 87-1701

Manufacturer. Confidential.

Chemical. (G) Polymer of diaminodiphenylsulfone and carboxyl terminated butadiene acrylonitrile polymer.

Use/Production. (G) Industrial component in resin formulation. Prod. range: Confidential.

P 87-1702

Manufacturer. Hercules Incorporated.

Chemical. (G) Carboxyl modified hydrocarbon resin.

Use/Production. (S) Industrial manufacture of printing inks and adhesives. Prod. range: Confidential.

P 87-1703

Importer. Orient Chemical Corporation.

Chemical. (G) Salicylic aluminum salt.

Use/Import. (S) Commercial charge control agent component of electrographic toner. Import range: 2,000 to 5,000 kg/yr.

P 87-1704

Manufacturer. Confidential.

Chemical. (G) Saturated hydroxy acrylic resin.

Use/Production. (G) In-mold coating for reaction injection molding. Prod. range: Confidential.

P 87-1705

Manufacturer. Farbest.

Chemical. (G) Alkyl amine, ethoxylated, ester.

Use/Production. (G) Industrial additive to metal working lubricants. Prod. range: 67,500 to 114,000 kg/yr.

Toxicity Data. Acute oral: >.5 g/kg; Irritation: Skin—Mild.

P 87-1706

Manufacturer. USI Chemicals Company.

Chemical. (S) Butyl 1,1,1,3,3,3-hexamethyl disilazanoto magnesium.

Use/Production. (S) Industrial reagent for catalyst manufacture and catalyst for olefin polymerization. Prod. range: 275 to 3,000 kg/yr.

P 87-1707

Manufacturer. Lyndal Chemical Company.

Chemical. (G) Quaternized fatty amidoamine.

Use Production. (S) Industrial textile processing softener. Prod. range: 46,000 kg/yr.

P 87-1708

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 4,4'-Bis[3-chloro,5-[1-hydroxy 2-[1,5-disulfo-2-naphthylazo] 3-sulfo-6-naphthylamino] S-triazinylamino]benzidine 2,2'-disulfonic acid octasodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1709

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Amino-8-hydroxy-2-[4-(sulfo)-phenylazo]-7-[2-(sulfo)-5-[3,5-dichloro-S-triazinylamino]phenylazo]naphthalene 3,6-disulfonic acid, tetrasodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1710

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-[[4-[[2-[sulfooxy]ethyl]sulfonyl] phenyl]azo]-7-acetylamino naphthalene-3-sulfonic acid-dipotassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1711

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Benzene sulfonic acid 4-[4-[[2-(sulfooxy)ethyl] sulfonyl]phenylazo]-4,5-dihydro-3-carboxy-5-oxy-1-H-pyrazol-1-Yl]trisodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1712

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Copper complex of 1-(4'-sulphophenyl potassium salt)-3-methyl-4-(2''-methoxy-5''-ethylsulfonyl sulphonic acid ester potassium salt phenylazo)-5-pyrazolone.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1713

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy 8-amino 2,7-bis[4-[[2-[sulfooxy] ethyl]sulfonyl]phenylazo] 3,6-disulfonaphthalene-tetrasodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1714

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Naphthalene-2-(3',5'-dichloro S-triazynylamino)-5-hydroxy-6-(3'' sulfonic acid potassium salt, 4''-

methoxy benzeneazo 7-sulfonic acid potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1715

Importer. T.G. Tomasi Consultants, Ltd. *Chemical.* (S) 44'-Diamino-bis-[2''-triazinyl-6''-chloro-4'' [2' ''-N-methyl-amino-5' ''-hydroxy-7' ''-sulfonyl-6' ''-azo-naphthalene]-2'' ''-(1'' '',5'' ''-disulfonyl) naphthalene)]-stilbene-22'-disulfonic acid.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1716

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Copper complex of 1-hydroxy-2-[2-hydroxy, 4-[ethylsulfonyl sulfuric acid ester] phenyl azo] naphthalene-4-sulfonic acid disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1717

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Ethyl 3-aminocarbonyl-4-methyl-5-[2,4-disulfo 5-[3,5-dichloro S-triazinylamino] phenylazo] 6-hydroxy pyrid-2-one-disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1718

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 4-[1-Amino-8-hydroxy-2-[4-[[2-[sulfooxy]ethyl]sulfonyl] phenyl-azo]naphthyl-azo 3,6-disulfonic acid]-4'-[1-[3,5-dichloro-S-triazinylamino] 8-hydroxy-7-naphthyl-azo 3,6-disulfonic acid] stilbene-2,2'-disulfonic acid—hepta potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1719

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Naphthol-2-[3-sulfo 4-methoxy phenylazo] 6-[3-chloro 5-[2-methoxy 5-[[2-sulfooxy]ethyl]sulfonyl] phenylamino] S-triazinyl amino] 3-sulfonic acid trisodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1720

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-8-amino-2-[2-methoxy 5-methyl, 4-[[2-[sulfooxy]ethyl]sulfonyl]phenylazo] 7-[4-[[2-[sulfooxy]ethyl]sulphonyl] phenylazo] 3,6-disulfonaphthalene-tetra sodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1721

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 4,4'-Bis[3-chloro-5-]3-ureide-4-[1,3,6-trisulfonaphthyl-7-azo]phenylamino]S-triazinylamino]stilbene 2,2'-disulfonic acid, octa sodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1722

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 4,4'-Bis[[3-chloro 5-[3,6-disulfo-8-hydroxy-7-[1,5-disulfo naphthyl-2-azo]naphthyl amino] S-triazinyl] amino] benzene, octa potassium salt.

Use-Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1723

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Copper complex of 1-hydroxy-2-[2,5-dimethoxy-4-[ethyl sulfonyl sulfuric acid ester] phenyl azo]-8-acetylamine naphthalene, 3,6-disulfonic acid trisodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1724

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) [4-Ethyl sulfonyl sulfuric ester—sodium-salt benzene sulfonamido] 1.4[sulfonic acid sodium salt] 2.6 of nickel phthalocyamine.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1725

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Benzene sulfonic acid 4-[4-[(2,-methoxy-5-methyl-4-[[2-(sulfo-oxy)-ethyl] sulfonyl]phenyl]azo]-4,5-dihydro-3-methyl-5-oxo-1H-pyrazol-1-Yl] disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1726

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-(4'-ethylsulfonyl sulfuric acid ester sodium salt phenylazo)-8- [5''-chloro-3''-(4' ''-ethyl sulfonyl sulfuric acid ester sodium salt phenyl amino)-S-triazinyl] amino naphthalene-3,6-disulfonic acid disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1727

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-(p-Sulfo phenyl potassium salt)-3-carboxylic acid potassium salt 4-[3'-[3''-chloro-5''-(p-ethylsulfonyl sulfuric ester potassium salt-phenylamino)-S-triazinylamino]-6'-sulfonic acid potassium salt phenylazo-]-5-pyrazolone.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1728

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-(1',5'-disulfonic acid dipotassium salt -2'-naphthyl-azo)-8-[3'' (4' ''-ethyl sulfonyl sulfuric acid ester potassium salt phenyl amino)-5''-chloro-S-triazinylamino]naphthalene-3,6-disulfonic acid dipotassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1729

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-[4- [Sulfo] phenyl] -3-methyl-4-[2-methoxy-5-[[2-[sulfooxy]ethyl]sulfonyl]phenylazo] pyrazol-5-one-disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1730

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) [4-Sulphonamido-benzene-ethyl sulfonyl sulfuric ester—sodium salt]1.6—(sulfonic—acid sodium salt) 2.4 of copper phthalocyanine.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1731

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-[[1,5-disulfonic acid]napthylazo]6-[3-chloro-5-[4-[ethyl sulfonyl sulfuric acid ester]phenyl amino] -5-triazynylamino]naphthalene-3-sulfonic acid-tetrasodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1732

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) [[3-Chloro-5-methoxy-S-triazinylamino] ethyl—sulfonamido] 1.4—(sulfonic acid sodium salt)2.6 of copper phthalocyanine.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1733

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Cuprate (4-), [1- [4-sulfophenyl] -3- carboxy-5-hydroxy -4-[[5-hydroxy -6-[[2-hydroxy -5-methoxy -4- [[2-[sulfooxy] ethyl] sulfonyl]phenyl]azo]-7-sulfo-3-napthalenyl]azo]pyrezol (6-)]-tetra sodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1734

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 3-Carbamoyl-4-methyl-5-[2-[sulfonic acid] -5-[[3-chloro 5-[[4 ethylsulfonyl sulfuric acid ester]phenyl amino] -S-triazinyl]amino]phenylazo]-6-hydroxy N-ethyl pyrid-2-one-disodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1735

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-[3'-Chloro 5'-(p-ethyl sulfonyl sulfuric ester sodium salt-phenylamine)-S-triazinylamino]-7-[2''-napthyl azo-1''-sulfonic acid sodium salt]-8-naphthol-3,6 disulfonic acid sodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1736

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-(4'-ethylsulfonyl sulfuric acid ester potassium salt phenylazo)-8-[3''-(4' ''-ethylsulfonyl sulfuric acid ester potassium salt phenylamino)-5''-chloro-S-triazinylamino] naphthalene-3,6-disulfonic acid dipotassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1737

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-[3'-Chloro-5'-(p-ethyl-sulfonyl-sulfuric acid ester-potassium salt-phenyl-amino)-S-triazinylamino]-5-[1''-ethyl-2''-hydroxy-3''-azo-4''-methyl-5''-carbamido-6''-pyridonyl]-2,4-benzene-disulfonic acid-potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1738

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 2-Napthylazo-[2'-ureado,4'-[3''-chloro 5''-(p-ethyl sulfonyl sulfuric ester potassium salt-phenyl amino)-S-triazinyl amino phenyl]] 3,6,8-trisulfonic acid potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1739

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 2-(3',5'-Dichloro-S-triazinylamino)-4-amino 5-(p-ethyl sulfonyl sulfuric ester-potassium salt-benzeneazo)-benzene sulfonic acid-potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1740

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 2-[[-1-Acetylamino, 8-hydroxy 3,6-disulfonic acid] napthylazo]4-[3-chloro, 5-[4-[ethyl sulfonyl sulfuric acid ester] phenyl amino]S-triazynylamino] benzene sulfonic acid tetra potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1741

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Benzene sulfonic acid, 4-[4-[[2,5-dimethoxy-4-[[2-(sulfooxy) ethyl]sulfonyl]-phenyl]azo]-4,5-dihydro-3-methyl-5-oxo-1H-pyrazol-1-Yl]sodium salt (unspecified).

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1742

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-8-acetylamino 7-[2-methoxy 5-[[2-[sulfooxy]ethyl]sulfonyl]phenylazo] naphthalene 3,6-disulfonic acid-tri potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1743

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) Copper complex of 1-acetylamino-8-hydroxy-7-(4'-ethyl sulfonyl sulfuric acid ester potassium salt phenylazo) naphthalene 3,6-disulfonic acid potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1744

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-[2'-sulfonic acid potassium salt-5'-[3''5''-dichloro-S-triazinyl-amino]-benzene azo]-7-[p-ethyl-sulfonyl sulfonic ester-potassium salt-benzene-azo]-8-amino-naphthalene,3,6-disulfonic acid-potassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1745

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-(2'-sulfonic acid potassium salt phenylazo)-8-[5''-chloro 3''-(4' ''-ethyl sulfonyl sulfuric acid ester potassium salt phenylamino)-S-triazinylamino]naphthalene-3,6-disulfonic acid dipotassium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87–1746

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 1-Hydroxy-2-[4-phenylamino-3-(sulfonic acid) phenylazo]-8-[3-chloro-5-[4-[ethyl sulfonyl sulfuric acid ester] phenylamino]-S-triazynylamino]naphthalene-3,6-disulfonic acid tetrasodium salt.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1747

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) [(4'-Ethyl sulfonyl sulfonic acid ester sodium salt phenyl sulfonamide)1.4 (sulfonic acid sodium salt)1.6 sulfonamide] of copper phthalocyanine.

Use/Import. (S) Reactive dye for textiles. Import range: 200,000 to 800,000 kg/yr.

P 87-1748

Importer. T.G. Tomasi Consultants, Ltd.

Chemical. (S) 2-[[N-Ethyl-2-oxo-3-amino carbonyl 4-methyl 6-hydroxy pyridinyl] 5-azo] 6-[3-chloro 5-[4-[[2-[sulfooxy] ethyl] sulfonyl] phenylamino] S-triazinylamino] benzene 3,5-disulfonic acid—tripotassium salt.

Use/Import. (S) Reactive dye for textile. Import range: 200,000 to 800,000 kg/yr.

Date: September 11, 1987.

Linda K. Smith,

Acting Director, Information Management Division, Office of Toxic Substances.

[FR Doc. 87-21805 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

[FRL-3265-5]

Water Pollution Control; Utilization of Saltwater Marsh Ecosystem for Management of Seafood Processing Wastewater

AGENCY: Environmental Protection Agency.

ACTION: Announcing the availability of the final report "Utilization of a Saltwater Marsh Ecosystem for the Management of Seafood Processing Wastewater" (EPA 904/9-86-142).

SUMMARY: EPA Region IV, the Alabama Marine Environmental Sciences Consortium and the Alabama Department of Environmental Management have recently completed a study of the potential for using a saltwater wetland to manage seafood processing wastewater. The study examined an irregularly flooded coastal Alabama black needlerush (*Juncus roemerianus*) marsh before, during and after construction and operation of a small pilot facility that distributed screened seafood processing wastewater at various loading rates to controlled areas of the marsh. The study documents the impacts of the project on the physical, chemical and biological characteristics of the marsh, shallow groundwater and nearby surface water. The final report contains all data, analyses and conclusions resulting from this study.

ADDRESS: Copies of "Utilization of a Saltwater Marsh Ecosystem for the Management of Seafood Processing Wastewater" may be obtained by contacting Robert Lord, Environmental Assessment Branch, US EPA Region IV, 345 Courtland Street NE., Atlanta, Georgia 30365, 404-347-3776 or FTS 257-3776.

Dated: June 25, 1987.

Lee A. DeHihns,

Acting Regional Administrator.

[FR Doc. 87-21803 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

[OW-FRL-3266-3]

Water Quality Act of 1987 Implementation; Draft Guidance Availability

AGENCY: Environmental Protection Agency.

ACTION: Notice of availability.

SUMMARY: This notice is a supplement to a notice of availability of five draft Water Quality Act guidance documents which appeared in the September 4, 1987 **Federal Register** under the heading, "Water Quality Act of 1987 Implementation; Draft Guidance Availability." Today's notice announces the availability for public comment of a sixth draft guidance document. This additional draft document is entitled, "Draft Final: Guidance for Implementation of Requirements Under section 304(1) of the Clean Water Act as Ameded."

DATE: Copies of this document will be available for public comment from EPA Headquarters Office of Water for a period of 30 calendar days, beginning September 22, 1987.

ADDRESSES: Copies of this document can be obtained by writing Mr. Mario Hegewald, Office of Water, WH-556, U.S. Environmental Protection Agency, 401 M. Street, SW., Washington, DC 20460 or telephoning him at (202) 382-5700. All comments should be forwarded to Mr. Hegewald at the same address.

FOR FURTHER INFORMATION CONTACT: U.S. Environmental Protection Agency, Office of Water, at above address and telephone number.

SUPPLEMENTARY INFORMATION: The WOA establishes a program for identification of waters affected by toxic pollutants and implementation of specific controls, section 304(1) individual control strategies, to reduce those toxics.

This program requires States to assess and list waters where there are impairments of water quality due to point source discharges, and to idenfity the discharges. By February 1989, States are to set effluent limitations in section 402 National Pollutant Discharge Elimination System (NPDES) permits ("individual control strategies") for these discharges to assure that water quality standards are attained. "Draft Final: Guidance for Implementation of Requirements Under section 304(1) of the Clean Water Act as Amended," is now available from EPA at the above address.

The comment period for the above noticed draft quidance document is, as noted above, 30 calendar days. Anyone intending to make comments on this draft document, however, is encouraged to forward comments by early October so that they can be discussed at the October 14 public meeting of the Water Quality Act Steering Committee. For details on this public meeting, see the notice of public meeting of the Water Quality Act Steering Committee which appeared in the September 10, 1987 **Federal Register** under the heading: "Water Quality Act Steering Committee: Meeting."

Anyone who is interested in reviewing public comments received on the six draft Water Quality Act implementation guidance documents which are presently available for public comment can do so by consulting the public docket which is housed in the EPA Library Public Information Reference Unit in Room 2904 of the Waterside Mall, 401 M Street SW., Washington, DC The Library is open from 9:00 a.m. to 4:00 p.m. weekdays and photo copying is available at a reasonable cost. The telephone number of the Public Information Reference Unit is (202) 382-5926.

Dated: September 18, 1987.

Lawrence J. Jensen,

Assistant Administrator for Water.

[FR Doc. 87-21919 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

FEDERAL HOME LOAN BANK BOARD

[No. AC-660]

Approval of Conversion Application; Fidelity Savings Association, Pittsburgh, PA

Date: September 17, 1987.

Notice is hereby given that on September 14, 1987, the Office of the General Counsel or the Federal Home Loan Bank Board, acting pursuant to the

authority delegated to the General Counsel of his designee, approved the application of Fidelity Savings Association, Pittsburgh, Pennsylvania, for permission to convert to the stock form of organization. Copies of the application are available for inspection at the Office of the Secretariat at the Federal Home Loan bank Board, 1700 G Street, NW., Washington, DC 20552 and at the Office of the Supervisory Agent at the Federal Home Loan Bank of Pittsburgh, One Riverfront Center, 20 Stanwix Street, Pittsburgh, Pennsylvania 15222–4893.

By the Federal Home Loan Bank Board.

John F. Ghizzoni,

Assistant Secretary.

[FR Doc. 87–21837 Filed 9–21–87; 8:45 am]

BILLING CODE 6720–01–M

[No. AC–659]

Approval of Conversion Application; Kent Savings and Loan Association, F.A., Chestertown, MD

Date: September 17, 1987.

Notice is hereby given that on September 11, 1987, the Office of the General Counsel of the Federal Home Loan Bank Board, acting pursuant to the authority delegated to the General Counsel of his designee, approved the application of Kent Savings and Loan Association, F.A., Chestertown, Maryland for permission to convert to the stock form of organization. Copies of the application are available for inspection at the Office of the Secretariat at the Federal Home Loan Bank Board, 1700 G Street, NW., Washington, DC 20552, and at the Office of the Supervisory Agent at the Federal Home Loan Bank of Atlanta, 1475 Peachtree Center Station NE., Atlanta, Georgia 30309.

By the Federal Home Loan Bank Board.

John F. Ghizzoni,

Assistant Secretary.

[FR Doc. 87–21838 Filed 9–21–87; 8:45 am]

BILLING CODE 6720–01–M

FEDERAL MARITIME COMMISSION

Agreement(s) Filed

The Federal Maritime Commission hereby gives notice of the filing of the following agreement(s) pursuant to section 5 of the Shipping Act of 1984.

Interested parties may inspect and obtain a copy of each agreement at the Washington, DC Office of the Federal Maritime Commission, 1100 L Street, NW., Room 10325. Interested parties may submit comments on each agreement to the Secretary, Federal Maritime Commission, Washington, DC 20573, within 10 days after the date of the **Federal Register** in which this notice appears. The requirements for comments are found in § 572.603 of Title 46 of the Code of Federal Regulations. Interested persons should consult this section before communicating with the Commission regarding a pending agreement.

Agreement No.: 224–200035

Title: Jacksonville Terminal Agreement

Parties:

Jacksonville Port Authority (JPA)

Trailer Marine Transport Corporation (TMT)

Synopsis: The proposed agreement would grant TMT the exclusive use of 17.14 acres of JPA's Talleyrand Dock and Terminal (TDT) in Jacksonville, Florida and preferential use of the facilities at TDT.

Agreement No.: 224–200037

Title: Port of St. Petersburg Terminal Agreement

Parties:

City of St. Petersburg (City)

SeaEscape, Ltd. (SeaEscape)

Synopsis: The proposed agreement permits the City and SeaEscape to agree upon charges to be assessed for port and terminal facilities and services rendered by the City for the operation of SeaEscape's cruise vessel service at the Port of St. Petersburg.

Agreement No.: 224–001792–004

Title: Port of New Orleans Terminal Agreement

Parties:

Port of New Orleans

New Orleans Cold Storage and Warehouse Company, Limited (NOCS)

Synopsis: The proposed agreement permits NOCS to execute a first mortgage on its leasehold estate and improvements as security for the issuance of industrial development revenue bonds, the proceeds of which would be used for construction of an additional cold storage facility in the City of New Orleans.

By Order of the Federal Maritime Commission.

Tony P. Kominoth,

Assistant Secretary.

Dated: September 17, 1987.

[FR Doc. 87–21840 Filed 9–21–87; 8:45 am]

BILLING CODE 6730–01–M

FEDERAL RESERVE SYSTEM

Agency Forms Under Review

September 16, 1987.

Background

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act of 1980, as per 5 CFR 1320.9, "to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320.9." Board-approved collections of information will be incorporated into the official OMB inventory of currently approved collections of information. A copy of the SF 83 and supporting statement and the approved collection of information instrument(s) will be placed into OMB's public docket files. The following forms, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority.

DATE: Comments must be received on or before October 7, 1987.

ADDRESS: Comments, which should refer to the OMB Docket number (or Agency form number in the case of a new information collection that has not yet been assigned an OMB number), should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets NW., Washington, DC 20551, or delivered to room B–2223 between 8:45 a.m. and 5:15 p.m. Comments received may be inspected in room B–1122 between 8:45 a.m. and 5:15 p.m., except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information, 12 CFR 261.6(a).

A copy of the comments may be also be submitted to the OMB desk officer for the Board: Robert Fishman, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed form, the request for clearance (SF 83), supporting statement, instructions, and other documents that will be placed into

OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer—Nancy Steele—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202–452–3822).

Proposal to approve under OMB delegated authority the extension with revision of the following reports:

1. *Report title:* Weekly Report of Assets and Liabilities for Large Banks and Weekly Report of Selected Assets.
Agency form numbers: FR 2416 and FR 2644, respectively.
OMB Docket number: 7100–0075.
Frequency: Weekly.
Reporters: U.S. commercial banks.
Annual reporting hours: 48,573.
Small businesses are not affected.
General description of report: This information collection is voluntary (12 U.S.C. 225(a)) and 248(a)) and is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

These reports provide basic data from U.S. commercial banks for estimating bank credit and nondeposit funds and for analyzing banking and monetary developments. The proposed revisions include minimal changes to the current reporting panel, two changes in content to improve monitoring, and elimination of one item.

2. *Report title:* Domestic Finance Company Report of Assets and Liabilities.
Agency form number: FR 2488 and FR 2248a.
OMB Docket number: 7100–0005.
Frequency: Monthly. The FR 2248 is filed at the end of each month, except for March, June, September and December, which is when the FR 2248a is filed.
Reporters: Domestic finance companies.
Annual reporting hours: 2,045. Small businesses are affected.
General description of report: This information collection is voluntary (12 U.S.C. 225(a)] and is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

These reports collect information on major categories of consumer and business credit extended and held by finance companies and on major short-term liabilities outstanding. These data are used by the Federal Reserve for assessing aggregate credit market activity. The proposed revisions include a substantial reduction in the approved size of the panel, the consolidation of the two report forms into one, and several item changes designed to reduce the average response time.

3. *Report title:* Senior Loan Officer Opinion Survey on Bank Lending Practices.
Agency form number: FR 2018.
OMB Docket number: 7100–0058.
Frequency: Up to six times per year.
Reporters: Large U.S. commercial banks.
Annual reporting hours: 720.
Small businesses are not affected.
General description of report: This information collection is voluntary (12 U.S.C. 248(a)) and is given confidential treatment (5 U.S.C. 552(b)(4)).

This survey, in which responses are collected through a telephone interview with a senior loan officer at each of 60 large commercial banks, collects qualitative information about changes in business loan demand and various aspects of bank lending practices. It serves as a very important tool for monitoring and understanding the evolution of lending practices at banks and developments in credit markets generally. The proposed revision will reduce the number of authorized surveys from eight to six per year.

4. *Report title:* Monthly Survey of Eligible Bankers Acceptances.
Agency form numbers: FR 2006.
OMB Docket number: 7100–0055.
Frequency: Monthly.
Reporters: U.S. commercial banks, U.S. branches and agencies of foreign banks and Edge corporations.
Annual reporting hours: 3,236.
Small businesses are affected.
General description of report: This information collection is voluntary (12 U.S.C. 248(a) 625, and 3105(b)) and is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

This report provides timely and detailed information on eligible dollar acceptances that are payable in the United States. The data are used in constructing monetary and credit aggregates and are relied upon to provide information on the acceptance market to the Federal Reserve's trading desk. A reduction of 40 percent in panel size is proposed, owing to a modification in the reporting threshold to limit coverage to only those banks with more than $100 million in total acceptances, up from the current minimum of $50 million. Two minor modifications in item content would reduce burden slightly.

Board of Governors of the Federal Reserve System, September 16, 1987.

William W. Wiles,

Secretary of the Board.

[FR Doc. 87–21759 Filed 9–21–87; 8:45 am]

BILLING CODE 6210–01–M

[Docket No. R–0586]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Policy statement.

SUMMARY: The Board has adopted a set of factors that it will consider when reviewing proposals to consolidate Federal Reserve Bank priced services across District lines.

EFFECTIVE DATE: September 18, 1987.

FOR FURTHER INFORMATION CONTACT: Charles W. Bennett, Assistant Director (202–452–3442), Gerald D. Manypenny, Manager (202–452–3954), or Donna DeCorleto, Program Leader (202–452–3954), Division of Federal Reserve Bank Operations; Joseph R. Alexander, Senior Attorney (202–452–2489), Legal Division; or, *for the hearing impaired* only, Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf (202–452–3544), Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Background

In November, 1986, the Board of Governors solicited public comment on six factors that it proposed to consider when reviewing proposals to consolidate Reserve Bank priced-service activities across District lines. (51 FR 43472, Dec. 2, 1986) The factors were:

a. Maintenance or improvement of cost recovery in a service.

b. Improvement of the efficiency of Federal Reserve Bank operations.

c. Maintenance or improvement in the level or quality of service.

d. Responsiveness to changes in the financial services industry.

e. Impact on private sector providers of the service that is being consolidated.

f. Amount of advance notice that would be needed prior to effecting an interdistrict consolidation.

These factors had been developed following the Board's October, 1985, solicitation of public comment on the issue of interdistrict consolidation. (50 FR 45938, Nov. 5, 1985.) It was expected that consolidation proposals would be evaluated based on these factors, and that public comment would be solicited only when a proposal appeared to have a significant, longer-run effect on the nation's payments mechanism.

Discussion

Sixteen comments were received. Thirteen respondents believed that the

factors adequately addressed the potential effect of an interdistrict consolidation, or could with some modifications or additions. Three respondents opposed the factors, indicating that the factors suggested appropriate areas for consideration but were vague and ambiguous and did not guarantee that consolidation decisions would be made in the sole interest of promoting an efficient and effective payments mechanism.

Two related issues, namely the effect of consolidation on the private sector and the need to solicit public comment before consolidating a service because of the potential effect on the private sector, drew considerable comment from supporters and opponents of the factors. In response to these comments, the Board has made two revisions to the original factors.

First, 12 respondents commented on factor (e), "impact on private sector providers of the service that is being consolidated." Half of these respondents suggested that the Board consider the effect of a consolidation on service users and not just private-sector service providers. Respondents stated that users could experience the following problems: (1) Unequal distribution of the cost burden due to increased transportation costs, or (2) delay in credit availability if a service was consolidated in a Reserve Bank that is a greater distance from the user. The Board agrees that these concerns are valid, and has determined that the effect on service users be considered separately from the effect on private sector service providers.

The second concern raised by commenters related to the Board's proposal to solicit public comment on consolidations only when a consolidation would appear to have a significant, longer-run effect on the nation's payments mechanism (Pricing Principle Number 7). Twelve respondents commented on this issue, mostly to propose alternatives. Seven commenters proposed that every consolidation be published for comment, two of these suggesting that pilot program consolidations be included; six believed that staff's analysis should also be published so that commenters can consider the facts that contribute to a consolidation proposal. Three respondents suggested that the Board solicit comments from depository institutions located within the area affected by a proposed consolidation.

The Board continues to believe that soliciting public comment on every proposed consolidation is not necessary because most consolidation efforts would not have a significant long-run effect on the nation's payments mechanism or on service users and providers. Nevertheless, the Board believes that it should also have the benefit of public comments when making its first decision regarding interdistrict consolidation in a particular service in order to ensure that all the pertinent issues have been considered. Accordingly, the Board will solicit public comment the first time any Reserve Bank priced service is proposed for interdistrict consolidation. Reserve Banks that would be effected by a consolidation proposal can also be expected to continue to solicit comment from depository institutions in their Districts on an informal basis.

The Board also agrees with commenters that the analysis which supports the consolidation proposal should be provided when soliciting public comment so that respondents will know what facts where considered in the decision to propose the consolidation. The staff's memorandum to the Board seeking approval to publish a consolidation proposal for comment, which would include its analysis supporting the proposal, will normally be made available to the public on request after the Board meeting at which the proposal will be discussed. Further, a summary of the analysis will also be discussed in the published request for comment.

Several respondents focused on the Federal Reserve Banks' potential competitive advantage over private-sector providers due to size and nationwide presence. Two respondents also focused on the System's unique role as service provider and policy maker. In response to these concerns, the Board emphasizes that the Federal Reserve System was established, in part, to provide payment services on a nationwide basis, and the Board believes that interdistrict consolidation is consistent with that mandate. Moreover, there are mechanisms in place within the Federal Reserve System that preclude any potential conflict of interest.

Among the other issues raised, five respondents addressed the possibility of assigning relative weights to each of the proposed factors, although respondents disagreed on whether or not any individual factor should carry sufficient weight to be a sole determinant of whether a consolidation should occur. The Board agrees that factor weighting is appropriate; however, each service is unique and circumstances may vary. It is also possible that one factor might be the primary determinant in a particular consolidation decision. Therefore, factor weighting will be used, but will not be standardized.

Other issues raised by the commenters include:

- Amount of advance notice before consolidation—Eight respondents commented on this issue, two of them suggesting a 90-day notice, a third suggesting retaining pre-consolidation fees for a year after a consolidation, and the rest only suggesting sufficient time "well in advance of implementation." Private-sector service providers and service users might require significantly different amounts of time to prepare for a consolidation, depending on the service. The Board believes that advance notice of 60 days would be adequate in most cases, although a more extended comment period will be provided if circumstances warrant.
- Contingency Planning—Three commenters expressed concern that, with consolidation, there would be greater need for back-up systems and contingency planning to minimize service interruptions. The Federal Reserve Banks, however, as a standard practice, already work to maintain adequate back-up systems to minimize service interruptions, accordingly no contingency factor has been adopted.

Policy

The Board has adopted the following factors that it will consider when evaluating proposals to consolidate Reserve Bank priced services across District lines:

a. Maintenance of improvement of cost recovery in a service.

b. Improvement of the efficiency of Federal Reserve Bank operations.

c. Maintenance of improvement of the level or quality of service.

d. Responsiveness to changes in the financial services industry.

e. Effect on private sector providers of the service.

f. Effect on users of the service.

The Board will use the following procedures when implementing consolidation of Federal Reserve Bank priced services across District lines:

1. Public comment will be solicited when changes in fees and service arrangements are proposed that would have significant longer-run effects on the nation's payments mechanism. Public comment will also be solicited the first time any Reserve Bank priced service is proposed for consolidation across District lines.

2. Advance notice prior to implementing an interdistrict consolidation will be at least 60 days and may be longer to enable private-sector users and providers of the service

a reasonable amount of time to adjust to the change.

Board of Governors of the Federal Reserve System, September 16, 1987.

William W. Wiles,

Secretary of the Board.

[FR Doc. 87-21762 Filed 9-21-87; 8:45 am]

BILLING CODE 6210-01-M

Application To Engage de Novo in Permissible Nonbanking Activities; Alma Bancshares Corp.

The company listed in this notice has filed an application under § 225.23(a)(1) of the Board's Regulation Y (12 CFR 225.23(a)(1)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to commence or to engage *de novo*, either directly or through a subsidiary, in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Comments regarding the application must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than October 9, 1987.

A. **Federal Reserve Bank of Kansas City** (Thomas M. Hoenig, Vice President), 925 Grand Avenue, Kansas City, Missouri 64198:

1. *Alma Bancshares Corporation*, Alma, Missouri; to engage *de novo* in offering discount brokerage services pursuant to § 225.25(b)(15) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, September 16, 1987.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 87-21763 Filed 9-21-87; 8:45 am]

BILLING CODE 6210-01-M

Formations of; Acquisitions by; and Mergers of Bank Holding Companies; Boston Private Bancorp et al.

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than October 9, 1987.

A. **Federal Reserve Bank of Boston** (Robert M. Brady, Vice President) 600 Atlantic Avenue, Boston, Massachusetts 02106:

1. *Boston Private Bancorp*, Boston, Massachusetts; to become a bank holding company by acquiring 100 percent of the voting shares of Boston Private Bank and Trust Company, Boston, Massachusetts.

B. **Federal Reserve Bank of Cleveland** (John J. Wixted, Jr., Vice President) 1455 East Sixth Street, Cleveland, Ohio 44101:

1. *Pikeville National Corporation*, Pikeville, Kentucky; to acquire 100 percent of the voting shares of Commercial Bank of West Liberty, West Liberty, Kentucky.

2. *Security Financial Corp.*, Niles, Ohio; to become a bank holding company by acquiring 100 percent of the voting shares of The Security Dollar Bank Company, Niles, Ohio.

C. **Federal Reserve Bank of Richmond** (Lloyd W. Bostian, Jr., Vice President) 701 East Byrd Street, Richmond, Virginia 23261:

1. *Commercial BancShares, Incorporated*, Parkersburg, West Virginia; to acquire 100 percent of the voting shares of Farmers and Merchants Bank of Cairo, Harrisville, West Virginia.

D. **Federal Reserve Bank of Atlanta** (Robert E. Heck, Vice President) 104 Marietta Street NW., Atlanta, Georgia 30303:

1. *First National Bancorp*, Gainesville, Georgia; to acquire 100 percent of the voting shares of First State Bank of Gilmer County, Ellijay, Georgia. Comments on this application must be received by September 25, 1987.

2. *The Gwinnett Financial Corporation*, Lawrenceville, Georgia; to become a bank holding company by acquiring 100 percent of the voting shares of The Bank of Gwinnett County, Lawrenceville, Georgia.

E. **Federal Reserve Bank of Chicago** (David S. Epstein, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. *Boulevard Bancorp, Inc.*, Chicago, Illinois; to acquire 100 percent of the voting shares of Keekins Financial Corporation, Downers Grove, Illinois, and thereby indirectly acquire Citizens National Bank of Downers Grove, Downers Grove, Illinois.

2. *Miami Corporation*, Chicago, Illinois; to acquire 100 percent of the voting shares of Keekins Financial Corporation, Downers Grove, Illinois, and thereby indirectly acquire Citizens National Bank of Downers Grove, Downers Grove, Illinois.

3. *National Bancorp, Inc.*, Melrose Park, Illinois; to acquire 100 percent of the voting shares of The American National Bank of DeKalb, DeKalb, Illinois.

Board of Governors of the Federal Reserve System, September 16, 1987.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 87-21764 Filed 9-21-87; 8:45 am]

BILLING CODE 6210-01-M

Acquisitions of Shares of Banks or Bank Holding Companies; David F. Stein et al.

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank

holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. Once the notices have been accepted for processing, they will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than October 7, 1987.

A. Federal Reserve Bank of San Francisco (Harry W. Green, Vice President) 101 Market Street, San Francisco, California 94105:

1. *David F. Stein*, Laguna Beach, California; to acquire 11.49 percent of the voting shares of PNB Financial Group, Newport Beach, California, and thereby indirectly acquire Pacific National Bank, Newport Beach, California.

2. *United Bancorp Employee Stock Option Plan*, Roseburg, Oregon; to acquire 17.9 percent of the voting shares of United Bancorp, Roseburg, Oregon, and thereby indirectly acquire Douglas National Bank, Roseburg, Oregon.

Board of Governors of the Federal Reserve System, September 16, 1987.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 87-21765 Filed 9-21-87; 8:45 am]

BILLING CODE 6210-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Alcohol, Drug Abuse, and Mental Health Administration

Mental Health Services Demonstration Grants for the Homeless Mentally Ill

AGENCY: National Institute of Mental Health, ADAMHA, HHS.

ACTION: Notice of availability of funds.

SUMMARY: The National Institute of Mental Health announces the availability of Mental Health Services Demonstration Grants for the Homeless Mentally Ill, MH-87-21. These grants will be made under the authority of section 612 of Public Law 100-77, the Stewart B. McKinney Homeless Assistance Act, which authorizes funds under section 504(f) of the Public Health Service Act for a new program of mental health services demonstration grants for the homeless mentally ill.

The goals of this program are to: Respond comprehensively to the needs of homeless mentally ill adults by providing a coordinated system of mental health and other supportive services; test targeted approaches that address the mental health problems of severely emotionally disturbed homeless children and adolescents; stimulate cooperation and formal linkages among mental health, health, housing, education, rehabilitation, and social welfare agencies in addressing the multiple needs of the target populations; and document and evaluate successful and replicable approaches to the provision of coordinated treatment, housing, and supportive services for the target populations.

In Fiscal Year 1988, NIMH will make up to twelve grant awards for comprehensive community-based services demonstration projects for homeless adults with severe, long-term mental illness and approximately four grant awards for projects for homeless children and adolescents with severe emotional disturbance. Grant awards will be for 2-year projects. A total of approximately $7.7 million will be available for adult projects; an additional total of approximately $1 million will be available for child and adolescent projects.

NIMH is limiting potential applicants under this announcement to State mental health authorities. There are three reasons for this eligibility restriction. First, because multiple agencies and providers will necessarily be involved at both the State and local levels in coordinating these complex demonstration initiatives, centralized State assistance is needed, so that all the appropriate resources are involved. The State mental health authorities are best qualified to undertake this coordination function, since they oversee a wide range of mental health service providers. Prior NIMH demonstration efforts under section 504(f) of the PHS Act [NIMH Community Support Program (CSP) and Child and Adolescent Service Systems Program (CASSP)] have shown the State mental health authorities to be extremely effective in stimulating the development of coordinated community-based services. Second, two related Federal initiatives (the Block Grant Program for Services to Homeless Individuals Who Are Chronically Mentally Ill authorized under Section 611 of the Homeless Assistance Act and the State Comprehensive Mental Health Planning Act of 1986) require State governments to coordinate services for homeless mentally ill persons. Finally, if these systems of care are to survive beyond the period of Federal funding, it is probable that the main source of funding will come from State mental health authorities and other related State human service agencies.

In making application for assistance, the State mental health authority must designate the type of grant (adults or children) for which it is applying and identify the community and the organization(s) that will carry out the demonstration activities at the local level. Each State may submit only one application.

This program is subject to the provisions of Executive Order 12372, Intergovernmental Review of Federal Programs and 45 CFR Part 100. Executive Order 12372 allows States/territories the option of setting up a system for reviewing applications from within their States for assistance under certain Federal programs. The application kit (Form PHS-5161) will contain a listing of States which have chosen to set up a review system and will provide a point of contact in the States for that review. Since 60 days are allowed for the State review, applicants are advised to discuss projects with and provide copies of their applications to State contact points as early as possible.

Receipt and Review Procedures for Applications:

Applications in response to this announcement will be accepted under the single receipt date of December 1, 1987. The following criteria will be used in the review of applications: extent to which the applicant demonstrates a clear understanding of the scope and range of service needs among the target population; level of need for the demonstration project in the proposed locality; adequacy of the proposed plan of action; adequacy of proposed management and coordination strategy; cultural relevance of proposed services for ethnic and racial minority persons; quality of the proposed evaluation plan; qualifications and prior experience of the proposed staff and consultants in working with the seriously mentally disabled and/or homeless population; and adequacy and feasibility of proposed plans for continued funding of the project after the demonstration period.

For additional program guidance, potential applicants should contact: James W. Stockdill, Director or Irene Shifren Levine, Ph.D., Associate Director, Division of Education and Service Systems Liaison, National Institute of Mental Health, 5600 Fishers Lane, Room 11C25, Rockville, Maryland 20857, Telephone: (301) 443-3706.

The Catalog of Federal Domestic Assistance number for this program is 13.125.

Donald Ian Macdonald,

Administrator, Alcohol, Drug Abuse, and Mental Health Administration.

[FR Doc. 87-21801 Filed 9-21-87; 8:45 am]

BILLING CODE 4160-20-M

Food and Drug Administration

[Docket No. 87M-0260]

Premarket Approval of the Tangent-Streak Bifocal™ (Polyacrylate-Silicone) Contact Lens; Fused Kontacts, Inc.

AGENCY: Food and Drug Administration.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing its approval of the application by Fused Kontacts, Inc., Chicago, IL, for premarket approval, under the Medical Device Amendments of 1976, of the Tangent-Streak Bifocal™ (polyacrylate-silicone) Contact Lens (clear and tinted). After reviewing the recommendation of the Ophthalmic Devices Panel, FDA's Center for Devices and Radiological Health (CDRH) notified the applicant of the approval of the application.

DATE: Petitions for administration review by October 22, 1987.

ADDRESS: Written requests for copies of the summary of safety and effectiveness data and petitions for administrative review to the Dockets Management Branch (HFA-305), Food and Drug Administration, Rm. 4-62, 5600 Fishers Lane, Rockville, MD 20857.

FOR FURTHER INFORMATION CONTACT: David M. Whipple, Center for Devices and Radiological Health (HFZ-460), Food and Drug Administration, 8757 Georgia Ave., Silver Spring, MD 20910, 301-427-7940.

SUPPLEMENTARY INFORMATION: On October 20, 1986, Fused Kontacts, Inc, Chicago, IL 60602, submitted to CDRH an application for premarket approval of the Tangent-Streak Bifocal™ (polyacrylate-silicone) Contact Lens (Clear and tinted). The lens is indicated for daily wear for the correction of visual acuity in not-aphakic persons with nondiseased presbyopic eyes that are myopic or hyperopic and for the correction of corneal astigmatism of 4.00 diopters (D) or less that does not interfere with visual acuity. The lens ranges in distance powers from −20.00 D to +12.00 D and add powers from 0.75 D to 3.50 D and is to be disinfected using a chemical lens care system only. The tinted lens contains the color additive [phthalocyaninato(2-)] copper in accordance with the color additive listing provisions of 21 CFR 74.3045.

On May 29, 1987, the Ophthalmic Devices Panel, an FDA advisory committee, reviewed and recommended approval of the application. On July 17, 1987, CDRH approved the application by a letter to the applicant from the Director of the Office of Device Evaluation, CDRH.

A summary of the safety and effectiveness data on which CDRH based its approval is on file in the Dockets Management Branch (address above) and is available from that office upon written request. Requests should be indentified with the name of the device and the docket number found in brackets in the heading of this document.

A copy of all approved labeling is available for public inspection at CDRH—contact David M. Whipple (HFZ-460), address above.

The labeling of the approved contact lens states that the lens is to be used only with certain solutions for disinfection and other purposes. The restrictive labeling informs new users that they must avoid using certain products, such as solutions intended for use with hard contact lenses only. The restrictive lebeling needs to be updated periodically, however, to refer to new lens solutions that CDRH approves for use with approved contact lenses made of polymers other than polymethylemethacrylate, to comply with the Federal Food, Drug, and Cosmetic Act (the act) (21 U.S.C. 301 et seq.), and regulations thereunder, and with the Federal Trade Commission Act (15 U.S.C. 41-58), as amended. Accordingly, whenever CDRH publishes a notice in the **Federal Register** of approval of a new solution for use with an approved lens, each contact lens manufacturer or PMA holder shall correct its labeling to refer to the new solution at the next printing or at any other time CDRH prescribes by letter to the applicant.

Opportunity for Administrative Review

Section 515(d)(3) of the act (21 U.S.C. 360(d)(3)) authorizes any interested person to petition, under section 515(g) of the act (21 U.S.C. 360e(g)), for administrative review of CDRH's decision to approve this application. A petitioner may request either a formal hearing under Part 12 (21 CFR Part 12) of FDA's administrative practices and procedures regulations or a review of the application and CDRH's action by an independent advisory committee of experts. A petition is to be in the form of a petition for reconsideration under § 10.33(b) (21 CFR 10.33(b)). A petitioner shall identify the form of review requested (hearing or independent advisory committee) and shall submit with the petition supporting data and information showing that there is a genuine and substantial issue of material fact for resolution through administrative review. After reviewing the petition, FDA will decide whether to grant or deny the petition and will publish a notice of its decision in the **Federal Register**. If FDA grants the petition, the notice will state the issue to be reviewed, the form of review to be used, the persons who may participate in the review, the time and place where the review will occur, and other details.

Petitioners may, at any time on or before October 22, 1987 file with the Dockets Management Branch (address above) two copies of each petition and supporting data and information, identified with the name of the device and the docket number found in brackets in the heading of this document. Received petitions may be seen in the office above between 9 a.m. and 4 p.m., Monday through Friday.

This notice is issued under the Federal Food, Drug, and Cosmetic Act (secs. 515(d), 520(h), 90 Stat. 554-555, 571 (21 U.S.C. 360e(d), 360j(h)) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.10) and redelegated to the Director, Center for Devices and Radiological Health (21 CFR 5.53).

Dated: September 3, 1987.

John C. Villforth,

Director, Center for Devices and Radiological Health.

[FR Doc. 87-21784 Filed 9-21-87; 8:45 am]

BILLING CODE 4160-01-M

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

Information Collection Submitted for Review to the Office of Management and Budget for Review Under the Paperwork Reduction Act

The proposal for the collection of information listed below has been submitted to the Office of Management and Budget for approval under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35). Copies of the proposed collection of information and related forms and explanatory material may be obtained by contacting the Bureau's Clearance Officer at the phone number listed below. Comments and suggestions on the requirement should be made within 30 days to the Bureau

Clearance Officer and to the Office of Management and Budget Interior Desk Officer at (202) 395–7340.

Title: Higher Education Annual Report, 25 U.S.C. 13, and 254 CFR Part 40.

Abstract: The Office of Indian Education Programs needs and uses this information for program integrity while performing its mission of educating Native American Indian College students.

Bureau Form Number:

Frequency: Annually.

Description of Respondents: Indian/Alaskan Native students applying for admission to postsecondary schools.

Annual Response: 93.

Annual Burden Hours: 3720 Hours.

Bureau Clearance Officer: Cathie Martin, (202) 343–3577.

Ronal D. Eden,

Acting Deputy to the Assistant Secretary/Director—Indian Affairs (Indian Education Programs).

[FR Doc. 87–21769 Filed 9–21–87; 8:45 am]

BILLING CODE 4310-02-M

Information Collection Submitted for Review to the Office of Management and Budget for Review Under the Paperwork Reduction Act

The proposal for the collection of information below listed has been submitted to the Office of Management and Budget (OMB) for approval under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35). Copies of the proposed Collection of information and related forms and explanatory material may be obtained by contacting the Bureau's Clearance Officer at the phone number listed below. Comments and suggestions on the requirement should be made within 30 days to the Bureau Clearance officer and to the Office of Management and Budget, Interior Desk Officer at (202) 395–7340.

Title: Higher Education Grant Application.

Abstract: This information is needed to determine the eligibility of Native American student seeking financial aid program assistance to attend accredited institutions of higher education.

Bureau Form Number: BIA 6237.

Frequency: Annually.

Description of Respondents: Indian/Alaskan Native students applying for admission to postsecondary schools.

Annual Response: 26,000.

Annual Burden Hours: 6,500 hours.

Bureau Clearance Officer: Cathie Martin, (202) 343–3577.

Ronal D. Eden,

Acting Deputy to the Assistant Secretary/Director-Indian Affairs (Indian Education Programs).

[FR Doc. 87–21770 Filed 9–21–87; 8:45 am]

BILLING CODE 4310-02-M

Bureau of Land Management

[OR-050-4322-11; GP7-295]

Emergency Closure of Public Lands; Oregon

Notice is herey given that effective immediately all public lands in Township 11 South, Range 21 East of the Willamette Meridian:

Section 1: All.
Section 2: Lots 1 and 2; S½NE¼; S½.
Section 3: All.
Section 5: All that part lying East and North of Bridge Creek.
Section 6: All that part of Lot 1 lying North and East of Bridge Creek.
Section 8: N½NE¼; S½N½; S½.
Section 9: All.
Section 10: All.
Section 11: All.
Section 12: All.
Section 13: All that part lying North and West of the Oregon State Highway No. 207 right-of-way.
Section 14: All.
Section 15: All.
Section 16: All.
Section 17: All.
Section 18: All.
Section 19: All that part lying North of the Ochoco U.S. Highway No. 26 right-of-way.
Section 21: E½ and all that part of the SW¼ lying South of the Ochoco U.S. Highway No. 26 right-of-way.
Section 22: All.
Section 23: All that part lying North and West of the Oregon State Highway No. 207 right-of-way.
Section 24: All that part lying North and West of the Oregon State Highway No. 207 right-of-way.
Section 26: All that part of the NW¼NE¼; N½NW¼; S½N½; and the S½ lying West of the Oregon State Highway No. 207.
Section 27: All.
Section 28: All.
Section 29: All.
Section 32: All.
Section 33: All.
Section 34: All.
Section 35: All those portions of the W½, W½E½, and E½NE¼ lying West of the Oregon State Highway No. 207 right-of-way. in Township 11 South, Range 22 East of the Willamette Meridian:
Section 6: Lots 3, 4, 5, 6, and 7; SE¼NW¼; E½SW¼; W½SE¼; SE¼SE¼.
Section 7: Lots 1, 2, 3, and 4; E½W½; W½E½; E½SE¼.
Section 18: All that fractional part lying North of the Oregon State Highway No. 207 right-of-way. in Township 12 South, Range 21 East of the Willamette Meridian:
Section 2: Lots 3 and 4; S½NW¼; N½SW¼.
Section 3: Lots 1, 2, 3, and 4; S½N½; NE¼SW¼; N½SE¼.
Section 4: Lots 1, 2, and 3; SE¼NW¼; S½NE¼.
Section 5: Lots 1, 2, 3, and 4.

and with the exception of designated roads, are closed to all vehicle access and travel.

The purpose of this closure is to protect the steep highly erosive waterhed, sparse vegetation, wildlife, and cultural resources.

The only exception would be for special authorized use and emergency needs.

The authority for this closure is 43 CFR 8341.2.

This closure will remain in effect until an ORV designation plan is completed for the area.

September 14, 1987.

Donald L. Smith,

Acting District Manager.

[FR Doc. 87–21815 Filed 9–21–87; 8:45 am]

BILLING CODE 4310-33-M

[ES 970-07-4121-14-2410; ES 36413]

Request for Public Comment on Fair Market Value, Maximum Economic Recovery and Environmental Assessment; Emergency Coal Lease; Alabama

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of Public Comment; Correction.

SUMMARY: This document corrects a Notice of Public Comment with respect to Emergency Coal Lease Application, ES–36413, published in the **Federal Register** on April 27, 1987 (52 FR 13877). This action is necessary to delete the SW¼SW¼ of Section 17, T. 17 S., R. 11 W., Huntsville Meridian, Alabama. All other information is unchanged.

Stuart F. Carlson,

Acting State Director.

[FR Doc. 87–21767 Filed 9–21–87; 8:45 am]

BILLING CODE 4310-GJ-M

[CA-060-07-4333-12; 8342]

Off-Road Vehicle Route Designation Decisions for the California Desert District, Barstow Resource Area

AGENCY: Bureau of Land Management, Interior.

ACTION: Decisions to open, close, or limit use of routes of travel on public lands in the Barstow Resource Area.

SUMMARY: Notice is hereby given that final route designation decisions have been made for that portion of the Barstow Resource Area covered by the Amargosa, Dumont/Clark, Irwin, Johnson Valley and Sheephole Mountains Desert Access Guide Map areas. These decisions have been made in accordance with authority and requirements of Executive Orders 11644 and 11989 and 43 CFR Part 8340.

The majority of routes in the affected area have been approved for use. However, some routes have been closed to all use by motorized vehicles, while other routes have been limited to permitted uses only. Maps showing open, closed and limited routes may be reviewed at the BLM offices listed at the end of this notice.

Both written and oral public comments were solicited and evaluated in reaching these decisions. Draft designation proposals were made available on March 17, 1987 with a 45-day public comment period ending on May 4, 1987. Open houses were held at the California Desert Information Center on April 11 and 12, 1987 and an Ad Hoc committee meeting was held on April 14, 1987 to provide for additional in-person public review. Draft proposals were then revised based on public input, and a second Ad Hoc committee meeting was held on May 14 to review draft modifications. Proposal final decisions were issued on June 25, 1987 with a public comment period extending until July 25, 1987. Final decisions are now being implemented as proposed with the following exceptions:

1. Routes B22, B23 and D1 will be closed only until such time that identified mitigation measures are implemented. Once mitigation measures are in place, these routes will automatically be designated "open" without further processing.

2. Route D077, which runs parellel to the dismantled Tonopah and Tidewater Railroad line from Silver Lake north to the historic Riggs Site, will be designated open.

DATE: These designations are effective upon publication of this notice and will remain in effect until rescinded or modified by the authorized officer. Enforcement of these decisions will be implemented as routes are signed or as maps are printed and made available to the public.

FOR FURTHER INFORMATION CONTACT: Tim Read, Chief, Branch of Resource Protection and Visitor Management, Barstow Resource Area, 150 Coolwater Lane, Barstow, CA 92311, (619) 256–3591; hours: 7:45 a.m. to 4:30 p.m., Monday through Friday or Dave Mensing, District Outdoor Recreation Planner, Bureau of Land Management, California Desert District, 1695 Spruce Street, Riverside, California 92507, (714) 351–6402; hours: 7:45 a.m. to 4:30 p.m., Monday through Friday.

SUPPLEMENTARY INFORMATION: These vehicle route designations are enforceable under the authority provided in the Federal Land Policy and Management Act (43 U.S.C. 1701 et seq.), EO 11644 (Use of Off-Road Vehicle on the Public Lands), and 3 CFR 74.332 as amended by EO 11989. 42 FR 26959 (May 25, 1977). Any person who violates or fails to comply with the vehicle route designations as governed by 43 CFR Part 8341 is subject to arrest, conviction, and punishment pursuant to appropriate laws and regulations. Such punishment may be a fine of not more than $1,000.00 and/or imprisonment for not longer than twelve months.

Date: September 14, 1987.

Gerald E. Hillier,

District Manager.

[FR Doc. 87–21772 Filed 9–21–87; 8:45 am]

BILLING CODE 4310–40–M

Salt Lake District Multiple Use Advisory Council Meeting and Tour

AGENCY: Bueau of Land Management, Interior.

ACTION: Notice of district multiple use advisory board meeting and tour.

SUMMARY: Notice is hereby given in accordance with Pub. L. 92–463 that a meeting of the Salt Lake District Multiple Use Advisory Council will be held on October 7 and 8, 1987. The tour will begin at 9:00 p.m. at the Salt Lake District Office. During the 2-day trip, Council members will tour proposed supercollider and hazardous waste facility sites and visit other sites of current development and/or interest (e.g., American Salt Plant, AMAX construction site, and Clover Reservoir).

A morning meeting will be held on October 8th at 8:30 a.m. at the State Line Inn, Wendover, Utah. The major focus of this meeting will be to identify issues and Advisory Council recommendations for the Pony Express Resource Management Plan. Updates on general District programs and Advisory Council vacancies and 1988 nominations will also be presented. The public is invited to attend this meeting or to file written statements for the Council's consideration. Those wishing to make oral statements must notify Deane Zeller, District Manager, 2370 South 2300 West, Salt Lake City, Utah 84119 by October 2, 1987. Time limits may be established for each speaker.

Deane H. Zeller,

District Manager.

[FR Doc. 87–21786 Filed 9–21–87; 8:45 am]

BILLING CODE 4310–DQ–M

[MT–920–07–4111–12; NDM 62722 Acq.]

Proposed Reinstatement of Terminated Oil and Gas Lease; McKenzie County, ND

Under the provisions of Pub. L. 97–451, a petition for reinstatement of oil and gas lease NDM 62722 Acq., McKenzie County, North Dakota, was timely filed and accompanied by the required rental accruing from the date of termination.

No valid lease has been issued affecting the lands. The lessee has agreed to new lease terms for rentals and royalties at rates of $5 per acre and 16⅔% respectively. Payment of a $500 administration fee has been made.

Having met all the requirements for reinstatement of the lease as set out in sec. 31 (d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), the Bureau of Land Management is proposing to reinstate the lease, effective as of the date of termination, subject to the original terms and conditions of the lease, the increased rental and royalty rates cited above, and reimbursement for cost of publication of this notice.

Dated: September 11, 1987.

Cynthia L. Embretson,

Chief, Fluids Adjudication Section.

[FR Doc. 87–21817 Filed 9–21–87; 8:45 am]

BILLING CODE 4310–DN–M

[NV–930–07–4212–11; N–1743]

Order Providing for Opening of Public Land; Nevada

September 10, 1987.

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice; order providing for opening of public land, Nevada.

SUMMARY: This notice will open public land to the operation of the public land laws and the mining laws.

EFFECTIVE DATE: October 22, 1987.

FOR FURTHER INFORMATION CONTACT: Rod Harris, District Manager, Elko District Office, P.O. Box 831, Elko, Nevada 89801, (702) 738–4071.

SUPPLEMENTARY INFORMATION: The following described land was reconveyed to the United States by quitclaim deed executed May 7, 1987:

Mount Diablo Meridian, Nevada

T. 47 N., R. 64 E.,
Sec. 1, S½NW¼NW¼SW¼SE¼.

The area described contains 1.25 acres in Elko County, Nevada.

No development has taken place on this land which was transferred out of Federal ownership pursuant to the Recreation and Public Purposes Act. Therefore, since the land was not being used for the purpose for which it was conveyed, i.e., golf course facilities, it was reconveyed to the United States. Title was accepted on behalf of the United States on September 9, 1987.

At 10:00 a.m., on October 22, 1987, the land will be open to the operation of the public land laws, subject to valid existing rights. All valid applications received prior to or at 10:00 a.m., on October 22, 1987, will be considered as simultaneously filed. All other applications received will be considered in the order of filing.

At 10:00 a.m., on October 22, 1987, the land will also be open to the operation of the mining laws.

Appropriation of lands under the general mining laws prior to the date and time of restoration is unauthorized. Any such attempted appropriation, including attempted adverse possession under 30 U.S.C. 38, shall vest no rights against the United States. Acts required to establish a location and to initiate a right of possession are governed by State law where not in conflict with Federal law. The Bureau of Land Management will not intervene in disputes between rival locators over possessory rights since Congress has provided for such determination in local courts.

The land remains open to the mineral leasing and material sale laws.

Edward F. Spang,

State Director, Nevada.

[FR Doc. 87-21818 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-HC-M

[NV-930-07-4212-11; Nev-056718]

Order Providing for Opening of Public Land; Nevada

September 10, 1987.

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice; order providing for opening of public land, Nevada.

SUMMARY: This notice will open public land to the operation of the public land laws and the mining laws.

EFFECTIVE DATE: October 22, 1987.

FOR FURTHER INFORMATION CONTACT: Rod Harris, District Manager, Elko District Office, P.O. Box 831, Elko, Nevada 89801, (702) 738-4071.

SUPPLEMENTARY INFORMATION: The following described land was reconveyed to the United States by quitclaim deed executed May 20, 1987:

Mount Diablo Meridian, Nevada

T. 47 N., R. 64 E.,
Sec. 12, S½NW¼SW¼NW¼NE¼.

The area described contains 1.25 acres in Elko County, Nevada.

The land was transferred out of Federal ownership pursuant to the Recreation and Public Purposes Act. No development has taken place on the land. Therefore, since it was not being used for the purpose for which it was conveyed, i.e., sewage facilities, the land was reconveyed to the United States. Title was accepted on behalf of the United States on September 9, 1987.

At 10:00 a.m., on October 22, 1987, the land will be open to the operation of the public land laws, subject to valid existing rights. All valid applications received prior to or at 10:00 a.m., on October 22, 1987, will be considered as simultaneously filed. All other applications received will be considered in the order of filing.

At 10:00 a.m., on October 22, 1987, the land will also be open to the operation of the mining laws.

Appropriation of lands under the general mining laws prior to the date and time or restoration is unauthorized. Any such attempted appropriation, including attempted adverse possession under 30 U.S.C. 38, shall vest no rights against the United States. Acts required to establish a location and to initiate a right of possession are governed by State law where not in conflict with Federal law. The Bureau of Land Management will not intervene in disputes between rival locators over possessory rights since Congress has provided for such determination in local courts.

The land remains open to the mineral leasing and material sale laws.

Edward F. Spang,

State Director, Nevada.

[FR Doc. 87-21819 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-HC-M

[MT-930-07-4212-13; MTM 66052]

Conveyance of Public Land in Beaverhead County, MT

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: This notice informs the public and interested state and local governmental officials of the issuance of the conveyance document.

FOR FURTHER INFORMATION CONTACT: Edward H. Croteau, BLM Montana State Office, P.O. Box 36800, Billings, Montana 59107, 406-657-6082.

SUPPLEMENTARY INFORMATION: 1. Notice is hereby given that pursuant to sec. 206 of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1701 et seq. (FLPMA), the following described surface estate was conveyed to James Easley and Gloria Lee Easley:

Principal Meridian, Montana

T. 1 S., R. 11 W.,
Sec. 1, lots 5 and 9.
Containing 9.77 acres.

2. The following described land was conveyed to Ralston Ranch, Inc.:

Principal Meridian, Montana

T. 1 N., R. 12 W.,
sec. 4, SW¼NE¼
Containing 40 acres.

3. In exchange for the above selected land, the United States acquired the surface estate of the following described land in Beaverhead County:

Principal Meridian, Montana

T. 1 S., R. 11 W.,
Sec. 1, a tract of land located in lots 3 and 4, described as Parcel No. 1 of Certificate of Survey No. 555, filed for record June 1, 1987, Clerk and Recorder's Reception No. 193100, Beaverhead County, Montana.
Containing 7.02 acres, more or less.

4. The value of federal public land was appraised at $30,500 and the nonfederal land was appraised at $30,250. A $250 cash equalization payment was made to the United States.

John A. Kwiatkowski,

Deputy State Director, Division of Lands and Renewable Resources.

September 11, 1987.

[FR Doc. 87-21816 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-DN-M

[AZ-040-07-4410-08]

Intent To Prepare a Resource Management Plan/Environmental Impact Statement; Safford District, AZ

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of Intent to Prepare a Resource Management Plan (RMP) and Environmental Impact Statement (EIS).

SUMMARY: The area to be included in this RMP/EIS is the entire Safford District and consists of nearly 1,500,000 acres of public lands lying within Cochise, Gila, Graham, Greenlee, and

Pinal counties in southeastern Arizona. The RMP/EIS will guide BLM management programs in Safford District.

The public is invited to participate in the planning process beginning with the identification of issues. Scoping meetings for public input will be held in Safford, Bisbee, Winkelman, Tucson, Mesa, and Willcox, Arizona.

DATE: Comments relating to identification of issues will be accepted until December 7, 1987.

ADDRESS: Comments should be sent to: Steve Knox, Team Leader, Bureau of Land Management, Safford District, 425 E. 4th St., Safford, AZ 85546.

FOR FURTHER INFORMATION CONTACT: Keith L. Cook, Gila Area Resource Manager, Lyle K. Rolston, San Simon Resource Area Manager, or Steve Knox, Team Leader at (602) 428–4040.

SUPPLEMENTARY INFORMATION: Anticipated issues related to the designation and management of public lands as open, limited or closed to motor vehicles; management of public lands along the Gila River; access to public lands; management of riparian zones; Areas of Critical Environmental Concern (ACECs); land ownership adjustments; and management of newly acquired lands. An interdisciplinary team has been formed to resolve these issues. Skills possessed by the team are in the fields of recreation, wildlife habitat, range/livestock, realty, soils, vegetation, cultural, paleontology, fire management, minerals/energy, and water.

Public meetings/workshops to identify issues will be held as follows:

Safford—October 27, Lafe Nelson School Cafeterium, 1100 10th Ave., Safford
Willcox—October 28, Plaza Inn, 1100 W. Rex Allen Drive, Willcox
Bisbee—October 29, Shepherds Inn, 67 Main St., Bisbee
Tucson—November 3, Radisson Suites Hotel, 6555 E. Speedway, Tucson
Winkelman—November 4, Central Arizona College, Aravaipa Campus, Aravaipa Rd. and Hgwy. 77, Winkelman
Mesa—November 5, Mesa Community Center, Palo Verde III Room, Conference Center, 201 N. Center St., Mesa.

All meetings begin at 7:00 P.M.

With public input a comprehensive range of alternatives will be developed, including the No Action alternative. A plan will be selected from one or more of the alternatives which will best resolve the issues and management concerns developed in this process.

Documents used in the preparation of the plan and EIS will be located in the Safford District Office.

Date: September 10, 1987

Beaumont C. McClure,

Acting State Director.

[FR Doc. 87–21773 Filed 9–21–87; 8:45 am]

BILLING CODE 4310–32–M

[MT–920–07–4520–11]

Land Resource Management; Filing of Plats of Survey; Montana

AGENCY: Bureau of Land Management, Montana State Office, Interior.

ACTION: Notice of filing of plats of survey.

SUMMARY: Plats of survey of the lands described below accepted August 18, 1987, were officially filed in the Montana State Office effective 10 a.m. on August 31, 1987.

Principal Meridian, Montana

T. 27 N., R. 49 E.

This plat represents the dependent resurvey of a portion of the center 1/16 line of section 2, the westerly boundaries of tracts 41 and 42 on the former left bank of the Missouri River in section 11, the northerly boundary of tract 45 on the former left bank of the Missouri River in section 14, the easterly boundaries of tract 41 and a portion of tract 40 in sections 2 and 11, and the lines between tracts 43 and 44, 42 and 43, 41 and 42, 40 and 41, and 39 and 40; and the survey of the 1916 left bank of the Missouri River in sections 2, 11, and 14, Township 27 North, Range 49 East, Principal Meridian, Montana. The area described is in Roosevelt County.

This survey was executed at the request of the Department of Justice Re: "United States v. Holen, "Civil No. 82–25–GF, USDC, Montana, and authorized by the Director in a memorandum dated July 3, 1986.

Principal Meridian, Montana

T. 30 N., R. 10 W.

The plat, in two sheets, represents the dependent resurvey of a portion of the south boundary and a portion of the subdivisional lines; and the survey of sections 8, 17, 20, 29, and 32, Township 30 North, Range 10 West, Principal Meridian, Montana. The area described is in Glacier County.

This survey was executed at the request of the Superintendent, Blackfeet Agency, Bureau of Indian Affairs, dated March 8, 1983.

Principal Meridian, Montana

T. 31 N., R. 19 W.

This plat, in seven sheets, represents the dependent resurvey of portions of the south, east, west, and north boundaries, a portion of the subdivisional lines, portions of the adjusted original meanders of the left and right banks of the Flathead River, the right bank of the North Fork of the Flathead River, the left bank of the Middle Fork of the Flathead River, and Homestead Entry Survey No. 962 and No. 963 in unsurveyed section 12; and the survey of the subdivision of certain sections, lot 14 of section 17, and the division line between parcels A and B of lot 1 of section 33, Township 31 North, Range 19 West, Principal Meridian, Montana. The area described is in Flathead County.

This survey was executed at the request of the U.S. Forest Service.

EFFECTIVE DATE: August 31, 1987.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, 222 North 32nd Street, P.O. Box 36800, Billings, Montana 59107.

Dated: September 14, 1987.

Robert A. Teegarden,

Acting State Director.

[FR Doc. 87–21820 Filed 9–21–87; 8:45 am]

BILLING CODE 4310–DN–M

[UT–942–07–4220–10; U–59197]

Proposed Withdrawal and Opportunity for Public Meeting; Utah

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: The Bureau of Reclamation proposes to withdraw 830.67 acres of public land for the Jordanelle Dam and Reservoir, near Park City, Utah. This notice closes the land for up to 2 years from surface entry and mining. The land will remain open to mineral leasing.

DATE: Comments and requests for a public meeting must be received by December 28, 1987.

ADDRESS: Comments and meeting requests should be sent to the Utah State Director, BLM, 324 South State, Suite 301, Salt Lake City, Utah 84111–2303.

FOR FURTHER INFORMATION CONTACT: Nancy Bloyer, BLM, Utah State Office, 801–524–4036.

SUPPLEMENTARY INFORMATION: On September 9, 1987, a petition was approved allowing the Bureau of Reclamation to file an application to withdraw the following described public land from settlement, sale, location, or entry under the general land laws.

including the mining laws, subject to valid existing rights:

Salt Lake Meridian

T. 2 S., R. 4 E.,
Sec. 13, SE¼.
T. 2 S., R. 5 E.,
Sec. 7, N½SE¼;
Sec. 8, W½SW¼;
Sec. 17, SE¼NW¼, E½SW¼, SW¼SE¼;
Sec. 20, W½NE¼, except patented portion, and SE¼, except patented portion;
Sec. 28, lot 4, except patented portion;
Sec. 29, E½, except patented portion;
Sec. 30, lot 3, NE¼NE¼, S½NE¼.

The area described contains approximately 830.67 acres in Wasatch County, Utah.

The purpose of the proposed withdrawal is for construction, control, operation, and maintenance of the Jordanelle Dam and Reservoir.

For a period of 90 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.

Notice is hereby given an opportunity for a public meeting is afforded in connection with the proposed withdrawal. All interested persons who desire a public meeting for the purpose of being heard on the proposed withdrawal must submit a written request to the undersigned officer within 90 days from the date of publication of this notice. Upon determination by the authorized officer that a public meeting wil be held, a notice of the time and place will be published in the **Federal Register** at least 30 days before the scheduled date of the meeting.

The application will be processed in accordance with the regulations set forth in 43 CFR Part 2300.

For a period of 2 years from the date of publication of this notice in the **Federal Register**, the lands will be segregated as specified above unless the application is denied or cancelled or the withdrawal is approved prior to that date. The temporary uses which will be permitted during this segregative period are licenses, permits, temporary cooperative agreements, and other land use authorizations of a temporary nature.

The temporary segregation of the lands in connection with a withdrawal application or proposal shall not affect administrative jurisdiction over the lands, and the segregation shall not have the effect of authorizing any use of the lands by the Bureau of Reclamation.

Dated: September 14, 1987.

JoAn Robbins,

Acting Chief, Branch of Lands and Minerals Operations.

[FR Doc. 87-21787 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-DQ-M

Fish and Wildlife Service

Endangered and Threatened Species; Receipt of Applications for Permits

The following applicants have applied for permits to conduct certain activities with endangered species. This notice is provided pursuant to section 10(c) of the Endangered Species Act of 1973, as amended (16 U.S.C. 1531, et seq.):

PRT 721301

Applicant: International Council for Bird Preservation/American Association of Zoological Parks and Aquariums, Columbia, SC.

The applicant requests a permit to export up to 80 Rothschild's (myna) starlings (*Leucopsar rothschildi*) to the Surabaya Zoological Park, East Java, Indonesia. These male and female birds, all captive born in the United States, will be used in a breeding program for eventual reintroduction of the species to the wild.

PRT 721349

Applicant: Duke University, Durham, NC.

The applicant requests a permit to import two captive-born female brown lemurs (*Lemur fulvus*) from the University Louis Pasteur, Cedex, France for captive breeding.

PRT 721343

Applicant: Cincinnati Zoo, Cincinnati, OH.

The applicant requests a permit to import blood and semen samples from 30-40 black rhinoceros (*Diceros bicornis*) in Kenya. The semen will be used in the North American captive breeding program. The four researchers will be using the blood samples to determine the incidence of exposure to Leptospirosis titers, assay for hepadnovirus antigens and antibodies, conduct genetic studies and determine vitamin E and mineral levels in a wild black rhinoceros population.

PRT 721477

Applicant: Duke University, Durham, NC.

The applicant requests a permit to import one male and one female, wild caught, diademed sifakas (*Propithecus diadema*), captured in eastern Madagascar, for captive breeding.

PRT 721479

Applicant: Duke University, Durham, NC.

The applicant requests a permit to import three male and three female, wild caught, sportive lemurs (*Lepilemur mustelinus*), captured in eastern Madagascar, for captive breeding and life history research.

PRT 721480

Applicant: Cincinnati Zoo, Cincinnati, OH.

The applicant requests a permit to export one male and one female, captive born, ocelot (*Felis pardalis*) to the London Zoo, London, England, for captive breeding and exhibition.

PRT 721400

Applicant: San Diego Zoological Society, San Diego, CA.

The applicant requests a permit to import two male and three female captive born golden-shouldered parakeets (*Psephotus chrysopterygius*) from the Royal Zoological Society of South Australia for the purpose of enhancement of propagation and public display.

PRT 721367

Applicant: University of Kansas, Lawrence, KS.

The applicant requests a permit to import and reexport one preserved specimen of New Zealand owl parrot or kakapo (*Strigops habroptilus*) held in the collection of the British Museum, London, England, for the purpose of scientific research.

PRT 721494

Applicant: Craig Boddington, Sepulveda, CA.

The applicant requests a permit to import the personal sport-hunted trophy of a bontebok (*Damaliscus dorcas dorcas*), culled from the captive herd of Phil van der Merwe in Cape Province, Republic of South Africa, for the purpose of enhancement of propagation.

PRT 721555

Applicant: Duke University, Durham, NC.

The applicant requests a permit to import two male and two female wild caught, aye-ayes (*Daubentonia madagascariensis*) from Madagascar for captive breeding.

Documents and other information submitted with these applications are available to the public during normal business hours (7:45 am to 4:15 p.m.) Room 611, 1000 North Glebe Road, Arlington, Virginia 22201, or by writing to the Director, U.S. Fish and Wildlife Service of the above address.

Interested persons may comment on any of these applications within 30 days of the date of this publication by submitting written views, arguments, or data to the Director at the above address. Please refer to the appropriate PRT number when submitting comments.

Date: September 17, 1987.

R.K. Robinson,

Chief, Branch of Permits.

[FR Doc. 87-21791 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-55-M

Marine Mammal Permits; Receipt of Application

The public is invited to comment on the following application for a permit to conduct certain activities with marine mammals. The application was submitted to satisfy requirements of the Marine Mammal Protection Act of 1972, as amended (16 U.S.C. 1361 et seq., and the regulations governing marine mammals (50 CFR Part 18).

Applicant: Paul Jensen Arctic Museum, Western Oregon State College, Monmouth, Oregon 97361.

File No.: PRT-721041

Type of Permit: Public Display

Name of Animals: One adult walrus

Summary of Activity To Be Authorized: The applicant proposes to take this animal to display in a panorama of Eskimo life

Source of Marine Mammals for Display: St. Lawrence Island, Alaska

Period of Activity: April 1988 to July 1989

Concurrent with the publication of this notice in the **Federal Register**, the Federal Wildlife Permit Office is forwarding copies of this application to the Marine Mammal Commission and the Committee of Scientific Advisors for their review.

Written data or comments, requests for copies of the complete application, or requests for a public hearing on this application should be submitted to the Director, U.S. Fish and Wildlife Service (FWPO), 1000 North Glebe Road, Room 611, Arlington, Virginia 22201, within 30 days of the publication of this notice. Anyone requesting a hearing should give specific reasons why a hearing would be appropriate. The holding of such hearing is at the discretion of the Director.

Documents submitted in connection with the above application are available for reveiw during normal business hours (7:45 am to 4:15 pm) in Room 601, N. Glebe Road, Arlington, Virginia.

Dated: September 17, 1987.

R.K. Robinson,

Chief, Branch of Permits, Federal Wildlife Permit Office.

[FR Doc. 87-21790 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-55

Minerals Management Service

Renewal of the Royalty Management Advisory Committee Charter

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of renewal.

SUMMARY: The Secretary of the Interior (Secretary) is renewing the Royalty Management Advisory Committee (Committee) Charter, which expires August 29, 1987. The new charter will terminate in 2 years. This renewal is required to allow the Committee sufficient time to complete its work relative to the various royalty management policies and procedures. This Notice is published in accordance with section 9(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), and this renewal action has been reviewed and concurred in by the Administrator of the General Services Administration.

FOR FURTHER INFORMATION CONTACT: Vernon B. Ingraham, Minerals Management Service, Royalty Management Program, Office of External Affairs, Denver Federal Center, Building 85, P.O. Box 25165, Mail Stop 651, Denver, Colorado, 80225, telephone number (303) 231-3360, (FTS) 326-3360.

SUPPLEMENTARY INFORMATION: The Committee was established for a 2-year period by the Secretary in August 1985, to provide advice and recommendations on different elements of the Royalty Management Program. The Committee consists of 31 members representing the diversified interests of Indian Tribes and allottees, State governments, and the minerals industry.

During the past 2 years, the Committee has reviewed several areas of the Royalty Management Program. It is presently evaluating how best to improve the Royalty Management accounting and production systems. A work panel has been established and is expected to report to the full Committee at a meeting in late September (21-23) 1987

Certification

I hereby certify that the Royalty Management Advisory Committee is in the public interest in connection with the performance of duties imposed on the Department of the Interior by numerous legislative requirements, most recently by the Federal Oil and Gas Royalty Management Act of 1982, 30 U.S.C. 1701 *et seq.* Significant and continuing statutory requirements can also be found in the Allotted Lands Indian Leasing Act of March 3, 1909 (25 U.S.C. 396 *et seq.*), the Tribal Lands Leasing Act of May 11, 1938 (25 U.S.C. 396a *et seq.*), the Indian Mineral Development Act of December 22, 1982 (25 U.S.C. 2101 *et seq.*), the Mineral Lands Leasing Act of February 25, 1920 (30 U.S.C. 181 *et seq.*), the Mineral Leasing Act for Acquired Lands of August 7, 1947 (30 U.S.C. 351 *et seq.*), the Geothermal Steam Act of 1970 (30 U.S.C. 1001 *et seq.*), the Submerged Lands Act of 1953 (43 U.S.C. 1301 *et seq.*), the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1331 *et seq.*), as amended in 1978 (43 U.S.C. 1801 *et seq.*) and the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1711).

Date: September 16, 1987.

Donald Paul Hodel,

Secretary of the Interior.

[FR Doc. 87-21758 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-MR-M

Development Operations Coordination Document; Amoco Production Co.

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of the Receipt of a Proposed Development Operations Coordination Document (DOCD).

SUMMARY: Notice is hereby given that Amoco Production Company has submitted a DOCD describing the activities it proposes to conduct on Lease OCS-G 5383, Block 221, East Cameron Area, offshore Louisiana. Proposed plans for the above area provide for the development and production of hydrocarbons with support activities to be conducted from an onshore base located at Intracoastal City, Louisiana.

DATE: The subject DOCD was deemed submitted on September 11, 1987.

ADDRESS: A copy of the subject DOCD is available for public review at the Public Information Office, Gulf of Mexico OCS Region, Minerals Management Service, 1201 Elmwood Park Boulevard, Room 114, New Orleans, Louisiana (Office Hours: 8 a.m. to 4:30 p.m., Monday through Friday).

FOR FURTHER INFORMATION CONTACT: Michael J. Tolbert; Minerals Management Service, Gulf of Mexico OCS Region, Field Operations, Plans, Platform and Pipeline Section, Exploration/Development Plans Unit; Telephone (504) 736-2867.

SUPPLEMENTARY INFORMATION: The purpose of this Notice is to inform the public, pursuant to sec. 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is

considering approval of the DOCD and that it is available for public review.

Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in DOCDs available to affected States, executives of affected local governments, and other interested parties became effective December 13, 1979 (44 FR 53685). Those practices and procedures are set out in revised § 250.34 of Title 30 of the CFR.

Date: September 14, 1987.

J. Rogers Pearcy,

Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 87-21777 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-MR-M

Development Operations Coordination Document; Shell Offshore Inc.

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of the Receipts of a Proposed Development Operations Coordination Document (DOCD).

SUMMARY: Notice is hereby given that Shell Offshore Inc., Unit Operator of the High Island Block 160 Federal Unit Agreement No. 14-08-0001-8666, has submitted a DOCD describing the activities it proposes to conduct on the High Island Block 160 Federal unit. Proposed plans for the above area provide for the development and production of hydrocarbons with support activities to be conducted from an onshore base located at Galveston, Texas.

DATE: The subject DOCD was deemed submitted on September 8, 1987.

ADDRESS: A copy of the subject DOCD is available for public review at the Public Information Office, Gulf of Mexico OCS Region, Minerals Management Service, 1201 Elmwood Park Boulevard, Room 114, New Orleans, Louisiana (Office Hours: 8:00 a.m. to 4:40 p.m., Monday through Friday).

FOR FURTHER INFORMATION CONTACT: Mr. Al Durr; Minerals Management Service; Gulf of Mexico OCS Region; Production and Development; Development and Unitization Section; Unitization Unit; Telephone (504) 736-2659.

SUPPLEMENTARY INFORMATION: The purpose of this Notice is to inform the public pursuant to sec. 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is considering approval of the DOCD and that it is available for public review.

Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in DOCDs available to affected States, executives of affected local governments, and other interested parties became effective December 13, 1979 (44 FR 53685). Those practices and procedures are set out in revised § 250.34 of Title 30 of the CFR.

Dated: September 14, 1987.

J. Rogers Pearcy,

Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 87-21778 Filed 9-21-87; 8:45 am]

BILLING CODE 4310-MR-M

National Park Service

National Register of Historic Places: Pending Nominations

Nominations for the following properties being considered for listing in the National Register were received by the National Park Service before September 12, 1987. Pursuant to § 60.13 of 36 CFR Part 60 written comments concerning the significance of these properties under the National Register criteria for evaluation may be forwarded to the National Register, National Park Service, U.S. Department of the Interior, Washington, DC 20243. Written comments should be submitted by October 7, 1987.

Patrick Andrus,

Acting Chief of Registration, National Register.

Connecticut

Litchfield County

Goshen, *West Goshen Historic District,* Roughly bounded by CT 4, Beach St., Canterbury, & Thompson Rds.

Florida

Florida County

DeLand, *Downtown Deland Historic District,* Roughly bounded by Florida & Rich Aves., Woodland Blvd., & Howry Ave.

Indiana

Noble County

Ligonier, *Ligonier Historic District,* Roughly bounded by Conrail right-of-way, Smith, Union, College, & Grand Sts.

Wayne County

Richmond, *Richmond Railroad Station Historic District,* Roughly bounded by Norfolk & Southern RR tracks, N. Tenth St., Elm Pl. & N. D St., & Ft. Wayne Ave.

Montana

Gallatin County

Bozeman, *Beall Park Community Center (Bozeman MRA),* 409 N. Bozeman

Bozeman, *Bohart House (Bozeman MRA),* 510 N. Church

Bozeman, *Bon Ton Historic District (Bozeman MRA),* Roughly bounded by Olive St., Wilson Ave., Cleveland St., & Fourth Ave.

Bozeman, *Bozeman Armory (Bozeman MRA),* 24 W. Mendenhall

Bozeman, *Bozeman Brewery Historic District (Bozeman MRA),* 700-800 Wallace Ave.

Bozeman, *Bozeman Sheet Metal Works (Bozeman MRA),* 26 S. Grand

Bozeman, *Bozeman YMCA (Bozeman MRA),* 6 W. Babcock

Bozeman, *Brandenburg House (Bozeman MRA),* 122 W. Lamme

Bozeman, *Bridger Arms Apartments (Bozeman MRA),* 103-111 S. Fourth Ave.

Bozeman, *Busch House (Bozeman MRA),* 224 N. Church

Bozeman, *Colburn House (Bozeman MRA),* 607 W. Lamme

Bozeman, *Cooper Park Historic District (Bozeman MRA),* 200-700 blks. S. Fifth, Sixth, Seventh, Eighth, & Cross Sts.

Bozeman, *Dokken-Nelson Funeral Home (Bozeman MRA),* 113 S. Wilson

Bozeman, *First Baptist Church (Bozeman MRA),* 120 S. Grand

Bozeman, *First Presbyterian Church (Bozeman MRA),* 26 W. Babcock

Bozeman, *Gallatin County Courthouse (Bozeman MRA),* 301 W. Main

Bozeman, *Gallatin Valley Seed Company (Bozeman MRA),* 209 S. Wallace

Bozeman, *Gifford House (Bozeman MRA),* 112 S. Grand

Bozeman, *Graf Building (Bozeman MRA),* 219-21 W. Arthur

Bozeman, *Hamill Apartments (Bozeman MRA),* 427 E. Main

Bozeman, *Hamill House (Bozeman MRA),* 205 S. Church

Bozeman, *Holy Rosary Church Rectory (Bozeman MRA),* 220 W. Main

Bozeman, *House at 22 W. Lamme (Bozeman MRA),* 22 W. Lamme

Bozeman, *Kolble House (Bozeman MRA),* 716 S. Black

Bozeman, *Lindley Place Historic District (Bozeman MRA),* 200-330 Lindley Pl.

Bozeman, *Litening Gas (Bozeman MRA),* 424 E. Main

Bozeman, *MISCO Grain Elevator (Bozeman MRA),* 700 N. Wallace

Bozeman, *Main Street Historic District (Bozeman MRA),* 100 blk. W. Main-300 blk. E. Main

Bozeman, *Methodist Episcopal Church (Bozeman MRA),* 121 S. Willson

Bozeman, *Newman House (Bozeman MRA),* 216 N. Church

Bozeman, *North Edge Dairy (Bozeman MRA),* 315 W. Peach

Bozeman, *North Tracy Avenue Historic District (Bozeman MRA),* 300-500 blks. N. Tracy Ave., Bozeman, & Montana

Bozeman, *Orton House (Bozeman MRA),* 323 N. Church

Bozeman, *Panton House (Bozeman MRA),* 801 S. Seventh

Bozeman, *Rouse House (Bozeman MRA),* 506 E. Babcock

Bozeman, *South Tracy Avenue Historic District (Bozeman MRA)*, 802–824 S. Tracy Ave.
Bozeman, *South Tracy-South Black Historic District (Bozeman MRA)*, 200–600 blks. of S. Tracy & S. Black Aves.
Bozeman, *Spieth Houses (Bozeman MRA)*, 204 N. Bozeman & 209 E. Lamme
Bozeman, *St. James Episcopal Church and Rectory (Bozeman MRA)*, 9 W. Olive
Bozeman, *Story Motor Company (Bozeman MRA)*, 202 W. Main

New Jersey

Burlington County

Site III (18th century vessel) (28-Bu-329)
Chesterfield, *Taylor-Newbold House*, Off Old York Rd. (Rt. 660)

Puerto Rico

Ponce County

Ponce, *Armstrong-Toro House*, Calle Union No. 9
Ponce, *Casino de Ponce*, Calle Marina & Calle Luna
Ponce, *Font-Ubides House*, Calle Castillo No. 34
Ponce, *Missionary Society of the Methodist Episcopal Church*, Calle Villa No. 135
Ponce, *Oppenheimer House*, Calle Salud No. 34
Ponce, *Subira House*, Calle Raina No. 107

Sabana Grande County

Sabana Grande, *Lassise-Schettini House*, Calle Angel Ramirez, final

Virginia

Culpeper County

Culpeper, *Culpeper Historic District*, Roughly bounded by Edmondson St., Southern Railroad, Stevens, & West Sts.

Wisconsin

Taylor County

Big Indian Farms

[FR Doc. 87–21811 Filed 9–21–87; 8:45 am]
BILLING CODE 4310-70-M

INTERSTATE COMMERCE COMMISSION

[Finance Docket No. 31108]

Railroad Operation; Burlington Northern Railroad Co.

On September 2, 1987, Burlington Northern Railroad Company (BN) filed a notice of exemption for the acquisition of trackage rights from The Atchison, Topeka and Santa Fe Railway Company (ATSF) over certain lines of railroad between Trinidad and Jansen, in Las Animas County, Colorado, a distance of approximately 3 miles. ATSF will grant overhead trackage rights to BN between ATSF milepost 635 + 4291.4 feet at Trinidad and ATSF milepost 638 + 4185.4 feet at Jansen. The trackage rights will be effective on September 14, 1987.

Use of this exemption will be conditioned on appropriate labor protection. Any employees affected by the trackage rights agreement will be protected by the conditions in *Norfolk and Western Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified by *Mendocino Coast Ry., Inc.—Lease and Operate*, 360 I.C.C. 653 (1980).[1]

This notice is filed under 49 CFR 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated: September 14, 1987.

By the Commission, Jane F. Mackall, Director, Office of Proceedings.

Noreta R. McGee,

Secretary.

[FR Doc. 87–21842 Filed 9–21–87; 8:45 am]
BILLING CODE 7035-01-M

[Finance Docket No. 31100]

Railroad Operation; Oil Creek Railway Historical Society, Inc.

The Oil Creek Railway Historical Society, Inc., has filed a notice of exemption to acquire and operate certain properties of the Consolidated Rail Corporation. The properties consist of: The line between Rouseville, PA and Oil Creek Township, PA (milepost 133.8 to milepost 118.0) and the line between Titusville, PA and Oil Creek Township, PA (milepost 0.00 to milepost 2.52). Rail operations will be conducted on the property by Oil Creek & Titusville Lines, Inc. Any comments must be filed with the Commission and served upon Barbara L. Smith, 101 West Main St., P.O. Box 325, Titusville, PA 16354, telephone (814) 827–1844.

The notice is filed under 49 CFR 1150.31. If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Decided: September 9, 1987.

By the Commission, Chairman Gradison, Vice Chairman Lamboley, Commissioners Sterrett, Andre, and Simmons.

Noreta R. McGee,

Secretary.

[FR Doc. 87–21843 Filed 9–21–87; 8:45 am]
BILLING CODE 7035-01-M

[1] The Railway Labor Executives' Association (RLEA) has requested the imposition of labor protective conditions. As an exemption is sought from the requirements of 49 U.S.C. 11343, such conditions have been routinely imposed.

DEPARTMENT OF JUSTICE

Antitrust Division

National Cooperative Research; AMP, Inc., et al.

Notice is hereby given that, pursuant to section 6(a) of the National Cooperative Research Act of 1984, 15 U.S.C. 4301 et seq. ("the Act"), the NAHB Research Foundation, Inc. ("NAHB") has filed an additional written notification simultaneously with the Attorney General and the Federal Trade Commission on August 25, 1987 disclosing (1) the identities of additional parties to the Smart House Project and (2) the nature and objectives of the Smart House Project. The notification was filed for the purpose of invoking the Act's provisions limiting the recovery of antitrust plaintiffs to single damages under specified circumstances. Pursuant to section 6(b) of the Act, the identities of current and additional parties to the Smart House Project, and its general areas of planned activity, are given below.

The Smart House Project is a joint venture project that, will be implemented in a series of stages by separate agreements at each stage. The following parties have signed agreements to fund or otherwise participate in the first stage organizational activities:

AMP, Incorporated
Apple Computer, Inc.
Arco Solar, Inc.
AT&T Technologies, Inc.
Bell Northern Research Ltd.
Bose Corporation
BrinTec Corp.
Broan Mfg. Co., Inc.
Burndy Corp.
Carrier Corp.
Challenger Electrical Equipment Corp.
Dukane Corp.
E. I. duPont de Nemours & Co. (Inc.)
Emerson Electric Co.
Federal Pioneer, Ltd.
Gas Research Institute
General Electric Co.
Honeywell Inc.
Johnson Controls
Kohler Company
Landis & Gyr Metering, Inc.
Lennox Industries Inc.
NAHB Research Foundation, Inc.
National Semiconductor Corp.
NOMA Inc.
North American Philips Consumer Electronics Corp., on its own behalf and on behalf of Signetics Corp.
Onan Corp.
Pass & Seymour Inc.
Robertshaw Controls Co.
Schlage Lock Co.
Scott Instruments Corp.
Scovill Inc.

Shell Development Co. (Division of Shell Oil Co.)
Siemens-Allis, Inc.
Slater Electric, Inc.
Smart House Development Venture, Inc.
Smart House, L.P.
Sola Basic Industries, Inc.
Southwire Co.
Square D Co.
Systems Control, Inc.
Whirlpool Corp.
The Wiremold Co.

The following entites are serving as advisors to the venture:

AguipPetroli
American Gas Association
Baltimore Gas & Electric Co.
Bell Canada
Bell Communications Research, Inc.
The Bell Telephone Company of Pennsylvania
Boston Edison Co.
Copper Development Association Inc.
The Dayton Power and Light Co.
Delmarva Power and Light Co.
Detroit Edison Co.
Duke Power Co.
Electric Power Research Institute
Gas Research Institute
Home Builders Institute
Hydro Quebec
National Association of Home Builders
Oklahoma Gas & Electric Co.
Ontario Hydro
Potomac Electric Power Co.
Professional Builder
Southern California Edison Co.
Southwest Gas
Southwestern Bell Telephone Co.
U.S. Dept. of Housing & Urban Dev.
Virginia Electric and Power Co.
Washington Gas Light Co.
Wisconsin Electric Power Co.

The Smart House Project will engage in activities the purpose of which will be to develop a coordinated home control and energy distribution system containing integral telecommunications and advanced safety features. The project is intended to design and develop a set of compatible products, including integrated power and signal cabling to tie home electrical products into a single power and communications network; communications-capable appliances, heating and cooling equipment, utility meters and home electrial and electronic products; electric power conditioning and conversion equipment; controllers and software to make logical decisions, issue control instructions, and regulate the distribution of energy, information and instructions throughout the network; monitoring and control devices to detect and neutralize malfunctions in energy distribution within the home; telephone and CATV interfaces to allow information to be passed to and from the home over telephone and CATV lines; and input and output devices with which users can control and receive information from the network and the devices attached to it.

On June 14, 1985 NAHB filed its original notification pursuant to section 6(a) of the Act. On September 13, 1985, January 9, 1986, April 25, 1986, July 30, 1986, December 16, 1986, April 3, 1987 and June 30, 1987, NAHB filed additional written notifications. The Department of Justice published notices in the **Federal Register** in response to these additional notifications on October 10, 1985 (50 FR 41428), on January 28, 1986 (51 FR 3520), on May 16, 1986 (51 FR 18049), on August 28, 1986 (51 FR 30724), on January 15, 1987 (52 FR 1673), on May 8, 1987 (52 FR 17490) and on July 30, 1987 (52 FR 28494), respectively.

The principal business address of the Smart House Project is P.O. Box 1627, Rockville, Maryland 20850.

Joseph H. Widmar,

Director of Operations, Antitrust Division.

[FR Doc. 87-21789 Filed 9-21-87; 8:45 am]

BILLING CODE 4410-01-M

DEPARTMENT OF LABOR

Office of the Secretary

Agency Recordkeeping/Reporting Requirements Under Review by Office of Management and Budget (OMB)

Background

The Department of Labor, in carrying out its responsibilities under the Paperwork Reduction Act (44 U.S.C. Chapter 35), considers comments on the reporting and recordkeeping requirements that will affect the public.

List of Recordkeeping/Reporting Requirements Under Review

As necessary, the Department of Labor will publish a list of the Agency recordkeeping/reporting requirements under review by the Office of Management and Budget (OMB) since the last list was published. The list will have all entries grouped into new collections, revisions, extensions, or reinstatements. The Departmental Clearance Officer will, upon request, be able to advise members of the public of the nature of the particular submission they are interested in. Each entry may contain the following information:

The Agency of the Department issuing this recordkeeping/reporting requirement.

The title of the recordkeeping/reporting requirement.

The OMB and Agency identification numbers, if applicable. How often the recordkeeping/reporting requirement is needed. Who will be required to or asked to report or keep records.

Whether small businesses or organizations are affected.

An estimate of the total number of hours needed to comply with the recordkeeping/reporting requirements.

The number of forms in the request for approval, if applicable.

An abstract describing the need for and uses of the information collection.

Comments and Questions

Copies of the recordkeeping/reporting requirements may be obtained by calling the Departmental Clearance Office, Paul E. Larson, telephone (202) 523-6331. Comments and questions about the items on this list should be directed to Mr. Larson, Office of Information Management, U.S. Department of Labor, 200 Constitution Avenue NW., Room N-1301, Washington, DC 20210. Comments should also be sent to the Office of Information and Regulatory Affairs, Attn: OMB Desk Office for (BLS/DM/ESA/ETA/OLMS/MSHA/OSHA/PWBA/VETS), Office of Management and Budget, Room 3208, Washington, DC 20503 (Telephone (202) 395-6880).

Any member of the public who wants to comment on a recordkeeping/reporting requirement which has been submitted to OMB should advise Mr. Larson of this intent at the earliest possible date.

New

Occupational Safety and Health Administration

Hazardous Waste Operations and Emergency Response—Interim Final Rule
On occasion
State and local governments; Businesses or other for profit
920 responses; 2,497,076 hours;

This information is needed by employers and employees involved in hazardous waste operations and emergency responses to prevent illnesses and injury due to exposure to hazardous wastes.

Occupational Safety and Health Administration

Hazardous Waste Operations and Emergency Response—Proposed Rule
On occasion
State and local governments; Businesses or other for profit
920 responses; 1 hour;

This information is needed by employers and employees involved in hazardous waste operations and emergency responses to prevent illnesses and injury due to exposure to hazardous wastes.

New

Occupational Safety and Health Administration

Hazardous Communication
OMB No. 1218–0072; OSHA 245
On occasion
Businesses or other for profit; Federal agencies or employees; Small businesses or organizations
3,892,371 respondents; 34,780,000 hours; 1 form

The recently published (August 24, 1987, 52 FR 31852) Hazard Communication Standard requires all employers to establish hazard communication programs to transmit information on the hazards associated with chemicals to their employees by means of container labels, material safety data sheets and training programs. This action will reduce the incidence of chemical related illness and injury in American workplaces.

Extension

Employment and Training Administration

Job Corps Placement and Assistance Record
1205–0035; ETA 678
On occasion
State or local governments; businesses or other for-profit; Non-profit institutions
60,000 respondents; 43,000 burden hours; 1 form

This information is used in evaluating overall program effectiveness. It provides placement agencies with basic information regarding terminated corpsmembers and provides the Department of Labor with information on the status of corpsmembers subsequent to termination from the program.

Reinstatement

Occupational Safety and Health Administration

1,2-Dibromo-3-Chloropropane, 1218–0101
OSHA 252
Recordkeeping; On occasion
Businesses and other for-profit
82 respondents; 237 burden hours; 0 forms

This regulation requires employers to train employees about the hazards of 1,2-dibromo-3-chloropropane (DBCP), to monitor employee exposure, to provide medical surveillance, and maintain accurate records of employee exposure to DBCP. These records will be used by employers, employees, physicians and the government to ensure that employees are not harmed by exposure to DBCP in the workplace.

Occupational Safety and Health Administration

Inorganic Arsenic
1218–0104;
Recordkeeping; On occasion
State or local governments; Businesses or other for-profits; Federal agencies or employees
42 respondents; 7500 burden hours; 0 forms

This regulation requires employers to train employees about the hazards of inorganic arsenic exposure, to monitor employee exposure, to provide medical surveillance, and to maintain accurate records of employee exposure to inorganic arsenic. These records will be used by employers, employees, physicians and the Government to ensure that employees are not harmed by their occupational exposure to inorganic arsenic.

Reinstatement

Occupational Safety and Health Administration

Coke Oven Emissions
1218–0128
Recordkeeping; On occasion
Businesses and other for-profit
25 respondents; 102,189 burden hours; 0 forms

The purpose of this standard and its information collection requirements is to provide protections for employees against the health effects associated with occupational exposure to coke oven emissions. Employers must monitor employee exposure, keep employee exposures within permissible limits and provide employees with medical exams and training.

Signed at Washington, DC. this 17th day of September, 1987.

Paul E. Larson,

Departmental Clearance Officer.

[FR Doc. 87–21846 Filed 9–21–87; 8:45 am]

BILLING CODE 4510–26–M

Establishment of Advisory Council on Employee Welfare and Pension Benefit Plans

Section 512 of the Employee Retirement Income Security Act of 1974 (ERISA) 88 Stat. 895, 29 U.S.C. 1142, provides for the establishment of an "Advisory Council on Employee Welfare and Pension Benefit Plans" (the Council) which is to consist of 15 members to be appointed by the Secretary of Labor (the Secretary) as follows: Three representatives of employee organizations (at least one of whom shall be representative of an organization whose members are participants in a multiemployer plan); three representatives of employers (at least one of whom shall be representative of employers maintaining or contributing to multiemployer plans); one representative each from the fields of insurance, corporate trust, actuarial counseling, investment counseling, investment management, and accounting; and three representatives from the general public (one of whom shall be a person representing those receiving benefits from a pension plan). Not more than eight members of the Council shall be members of the same political party.

Members shall be persons qualified to appraise the programs instituted under ERISA. Appointments are for terms of three years.

The prescribed duties of the Council are to advise the Secretary with respect to the carrying out of his functions under ERISA, and to submit to the Secretary recommendations with respect thereto. The Council will meet at least four times each year, and recommendations of the Council to the Secretary will be included in the Secretary's annual report to the Congress on ERISA.

The terms of five members of the Council expire on Saturday, November 14, 1987. The groups or fields represented are as follows: Employee organizations, employers (multiemployers), corporate trust field, investment management, and the general public. In addition to the foregoing, a vacancy in the field of employee organizations (multiemployers) is to be filled, the appointment of which will be for a period of one year.

Accordingly, notice is hereby given that any person or organization desiring to recommend one or more individuals for appointment to the ERISA Advisory Council on Employee Welfare and Pension Benefits Plans to represent any of the groups or fields specified in the preceding paragraph, may submit recommendations to the Secretary of Labor, Frances Perkins Building, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, DC 20210. Recommendations must be delivered or mailed on or before October 9, 1987. Recommendations may be in the form of a letter, resolution, or petition, signed by the person making the recommendation, or, in the case of a recommendation by an organization, by an authorized representative of the organization. Each recommendation shall identify the candidate by name, occupation or position, telephone number and address. It shall include a brief description of the candidate's qualifications and shall specify the group or field which he or

she would represent for the purposes of section 512 of ERISA, the candidates' political party affiliation, and whether the candidate is available and would accept.

Signed at Washington, DC, this 17th day of September, 1987.

David M. Walker, CPA

Assistant Secretary Designate for Pension and Welfare Benefits.

[FR Doc. 87-21837 Filed 9-21-87; 8:45 am]

BILLING CODE 4510-20-M

Employment and Training Administration

Investigations Regarding Certifications of Eligibility To Apply for Worker Adjustment Assistance, Agrico Chemical Co.

Petitions have been filed with the Secretary of Labor under section 221(a) of the Trade Act of 1974 ("the Act") and are identified in the Appendix to this notice. Upon receipt of these petitions, the Director of the Office of Trade Adjustment Assistance, Employment and Training Administration, has instituted investigations pursuant to section 221(a) of the Act.

The purpose of each of the investigations is to determine whether the workers are eligible to apply for adjustment assistance under Title II, Chapter 2, of the Act. The investigations will further relate, as appropriate, to the determination of the date on which total or partial separations began or threatened to begin and the subdivision of the firm involved.

The petitioners or any other persons showing a substantial interest in the subject matter of the investigations may request a public hearing, provided such request is filed in writing with the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than October 2, 1987.

Interested persons are invited to submit written comments regarding the subject matter of the investigations to the Director, Office of Trade Adjustment Assistance, at the address shown below, not later than October 2, 1987.

The petitions filed in this case are available for inspection at the Office of the Director, Office of Trade Adjustment Assistance, Employment and Training Administration, U.S. Department of Labor, 601 D Street NW., Washington, DC 20213.

Signed at Washington, DC, this 14th day of September 1987.

Glenn M. Zech,

Acting Director, Office of Trade Adjustment Assistance.

APPENDIX

Petitioner (union/workers/firm)	Location	Date received	Date of petition	Petition	Articles produced
Agrico Chemical Co. (Workers)	Tulsa, OK	9/14/87	8/4/87	20,087	Ammonium Nitrate.
Aliquippa & Southern Railroad (USWA)	Aliquippa, PA	9/14/87	9/2/87	20,088	Steel.
Continental Can Co. (USWA)	Fairfield, AL	9/14/87	9/3/87	20,089	Cans.
Control Data Corp. (Workers)	Hampton, VA	9/14/87	9/9/87	20,090	Computers.
Dynapac Mfg. Incorp. (UAW)	Stanhope, NJ	9/14/87	8/31/87	20,091	Steam Rollers.
Harris Metals, Inc. (Boilermakers)	Racine, WI	9/14/87	9/4/87	20,092	Castings
Larry P. Wyman, Inc. (Company)	Conifer, CO	9/14/87	9/1/87	20,093	Oil & Gas.
Storage Technology Corp. (Workers)	Shawnee Mission, KS.	9/14/87	9/9/87	20,094	Tape Disk Equipment.
Veeder-Root Co. (Company)	Hartford, CT	9/14/87	9/3/87	20,095	Electronic Devices.
Westview Health Care Center (Workers)	Racine,WI	9/14/87	8/22/87	20,096	Computers Equipment.

[FR Doc. 87-21847 Filed 9-21-87; 8:45 am]

BILLING CODE 4510-30-M

[TA-W-19,872 et al]

Determinations Regarding Eligibility To Apply for Worker Adjustment Assistance; Knickerbocker Co. et al.

In accordance with section 223 of the Trade Act of 1974 (19 U.S.C. 2273) the Department of Labor herein presents summaries of determinations regarding eligibility to apply for adjustment assistance issued during the period August 31, 1987–September 4, 1987 and September 7, 1987–September 11, 1987.

In order for an affirmative determination to be made and a certification of eligibility to apply for adjustment assistance to be issued, each of the group eligibility requirements of section 222 of the Act must be met:

(1) That a significant number or proportion of the workers in the workers' firm, or an appropriate subdivision thereof, have become totally or partially separated,

(2) That sales or production, or both, of the firm or subdivision have decreased absolutely, and

(3) That increases of imports of articles like or directly competitive with articles produced by the firm or appropriate subdivision have contributed importantly to the separations, or threat thereof, and to the absolute decline in sales or production.

Negative Determinations

In each of the following cases the investigation revealed that criterion (3) has not been met. A survey of customers indicated that increased imports did not contribute importantly to worker separations at the firm.

TA-W-19,872; The Knickerbocker Co., Jackson, MI

TA-W-19,874; Palm Beach Co., Danville, KY

TA-W-19,878; Singer Co., Link Simulation Systems Div., Cherry Hill, NJ

TA-W-19,896; Johnson Controls, Inc., Owosso, MI

TA-W-19,885; W.R. Steel & Fabrication, Inc., Maloney-Crawford, Div., New Iberia, LA

TA-W-19,956; General Electric Co., Lighting Business Group, Lighting Products Div., Austintown, OH

In the following cases the investigation revealed that criterion (3) has not been met for the reasons specified.

TA-W-20,012; Hydro-Test, Inc., Pearland, TX

The workers' firm does not produce an article as required for certification under section 222 of the Trade Act of 1974.

TA-W-19,993; Cedar Coal Co., Central Rebuild Shop, South Charleston, WV

Increased imports did not contribute importantly to workers separations at the firm.

TA-W-19,876; Rochester Button Co., Rochester, NY

Increased imports did not contribute importantly to workers separations at the firm.

TA–W–19,919; Roadmaster Corp., Olney, IL

The investigation revealed that criterion (2) has not been met. Sales or production did not decline during the relevent period as required for certification.

TA–W–19,905; Terex Corp., Cleveland, OH

The workers' firm does not produce an article as required for certification under section 222 of the Trade Act of 1974.

TA–W–19,965; Temex Energy, Inc., Oklahoma City, OK

Increased imports did not contribute importantly to workers separations at the firm.

Affirmative Determinations

TA–W–19,841; Better Belts, Inc., West New York, NJ

A certification was issued covering all workers of the firm separated on or after June 17, 1986.

TA–W–19,975; C.F. Industries, Inc., Terre Haute, IN

A certification was issued covering all workers of the firm separated on or after July 28, 1986.

TA–W–19,846; Columbus Auto Parts Co., Columbus, OH

A certification was issued covering all workers of the firm separated on or after June 19, 1986.

TA–W–19,855; Judith Michaels Co., New York, NY

A certification was issued covering all workers of the firm separated on or after June 3, 1986.

TA–W–19,880; The Plainville Castings Co., Westfield, MA

A certification was issued covering all workers of the firm separated on or after June 25, 1986.

TA–W–19,979; J. B. Stuart, Glenville, WV

A certification was issued covering all workers of the firm separated on or after July 21, 1986.

TA–W–19,822; A.O. Smith Electrical Products Co., Mt. Sterling, KY

A certification was issued covering all workers of the firm separated on or after June 8, 1986.

TA–W–19,917; General Electric Co., Morristown, TN

A certification was issued covering all workers of the firm separated on or after July 10, 1986.

TA–W–19,892; Ensearch Exploration, Inc., Midland District, Midland, TX

A certification was issued covering all workers of the firm separated on or after June 30, 1986.

TA–W–19,892A; Ensearch Exploration, Inc., Texas (State Wide)

A certification was issued covering all workers of the firm separated on or after June 30, 1986.

TA–W–19,892; Ensearch Exploration, Inc., New Mexico (State Wide)

A certification was issued covering all workers of the firm separated on or after June 30, 1986.

TA–W–19,840; Baker Packers, Houston, TX

A certification was issued covering all workers of the firm separated on or after June 8, 1986.

TA–W–19,838; Aynor Manufacturing Co., Aynor, SC

A certification was issued covering all workers of the firm separated on or after May 27, 1986, and before July 7, 1987.

TA–W–19,858; Mathewson Corp., Quincy, MA

A certification was issued covering all workers of the firm separated on or after June 29, 1986.

TA–W–19,910; Adell Sportswear Co., Inc., Brooklyn, NY

A certification was issued covering all workers of the firm separated on or after July 13, 1986, and before July 12, 1987.

TA–W–19,913; Cincy Sportswear, Inc., Cincinnati, OH

A certification was issued covering all workers of the firm separated on or after July 2, 1986, and before July 19, 1987.

TA–W–20,037; AT & T Network Systems, Final Package & Test Data Department, Orlando, FL

A certification was issued covering all workers of the firm separated on or after August 26, 1986.

TA–W–19,895; Helfrecht Corp., Traverse City, MI

A certification was issued covering all workers of the firm separated on or after July 3, 1986.

TA–W–19,889–19,890; Clevite Industries, Inc., Engine Parts Div., Bridgeport, OH and Bellaire, OH

A certification was issued covering all workers of the firm separated on or after June 23, 1986.

TA–W–19,773; Ahoskie Wrangler, Ahoskie, NC

A certification was issued covering all workers of the firm separated on or after May 28, 1986 and before February 21, 1987.

TA–W–19,696; Eastman Kodak Co., Apparatus Div., Depart #32, Rochester, NY

A certification was issued covering all workers of the firm separated on or after May 5, 1986.

TA–W–19,951; Berkron Manufacturing Co., Inc., Bethlehem, PA

A certification was issued covering all workers of the firm separated on or after July 10, 1986 and before April 30, 1987.

TA–W–19,860; Pacific Western Systems, Hillsboro, OR

A certification was issued covering all workers of the firm separated on or after June 4, 1986.

TA–W–19,860B; Pacific Western Systems, Manufacturing Operation, Mountain View, CA

A certification was issued covering all workers of the firm separated on or after June 4, 1986.

I hereby certify that the aforementioned determinations were issued during August 31, 1987—September 4, 1987 and September 7, 1987—September 11, 1987. Copies of these determinations are available for inspection in Room 6434, U.S. Department of Labor, 601 D Street, NW., Washington, DC 20213 during normal business hours or will be mailed to persons who write to the above address.

Dated: September 15, 1987.

Glenn M. Zech,

Acting Director, Office of Trade Adjustment Assistance.

[FR Doc. 87–21848 Filed 9–21–87; 8:45 am]

BILLING CODE 4510–30–M

[TA–W–19,676]

Dismissal of Application for Reconsideration; Lamb-Grays Harbor Co., Hoquiam, WA

Pursuant to 29 CFR 90.18 an application for administrative reconsideration was filed with the Director of the Office of Trade Adjustment Assistance for workers at Lamb-Grays Harbor Company, Hoquiam, Washington. The review indicated that the application contained no new substantial information which would bear importantly on the Department's determination. Therefore, dismissal of the application was issued.

TA–W–19,676; Lamb-Grays Harbor Co., Hoquiam, WA (September 9, 1987)

Signed at Washington, DC, this 9th day of September 1987.

Marvin M. Fooks,

Director, Office of Trade Adjustment Assistance.

[FR Doc. 87–21692 Filed 9–21–87; 8:45 am]

BILLING CODE 4510–30–M

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice 87-75]

Agency Report Forms Under OMB Review

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Agency Report Forms Under OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed information collection requests to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made the submission.

Copies of the proposed forms, the requests for clearance (S.F. 83's), supporting statements, instructions, transmittal letters and other documents submitted to OMB for review, may be obtained from the Agency Clearance Officer. Comments on the items listed should be submitted to the Agency Clearance Officer and the OMB Reviewer.

DATE: Comments must be received in writing by October 22, 1987. If you anticipate commenting on a form but find that time to prepare will prevent you from submitting comments promptly, you should advise the OMB Reviewer and the Agency Clearance Officer of your intent as early as possible.

ADDRESS: Rayburn A. Metcalfe, NASA Agency Clearance Officer, Code NP, NASA Headquarters, Washington, DC 20546; Bruce McConnell, Office of Information and Regulatory Affairs, OMB, Room 3235, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Shirley C. Peigare, NASA Reports Officer, (202) 453-1090.

Reports

Title: NASA Contractor Financial Management Reports.
OMB Number: 2700-0003.
Type of Request: Extension.
Frequency of report: MO, QU.
Type of Respondent: Businesses or other for-profit.
Annual responses: 15,400.
Annual burden hours: 184,800.
Abstract-need/uses: The NASA Form 533 series is the basic financial management medium for reporting data needed by project management for evaluation of contractor cost as it relates to schedule and technical performance; and reporting actual and projected data assuring that contractor performance is realistically planned and supported by dollar resources.

Rayburn A. Metcalfe,
Acting Director, General Management Division.
September 10, 1987.
[FR Doc. 87-21795 Filed 9-21-87; 8:45 am]
BILLING CODE 7510-01-M

[Notice 87-76]

Agency Report Forms Under OMB Review

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Agency Report Forms Under OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed information collection requests to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made the submission.

Copies of the proposed forms, the requests for clearance (S.F. 83's), supporting statements, instructions, transmittal letters and other documents submitted to OMB for review, may be obtained from the Agency Clearance Officer. Comments on the items listed should be submitted to the Agency Clearance Officer and the OMB Reviewer.

DATE: Comments must be received in writing by October 22, 1987. If you anticipate commenting on a form but find that time to prepare will prevent you from submitting comments promptly, you should advise the OMB Reviewer and the Agency Clearance Officer of your intent as early as possible.

ADDRESS: Rayburn A. Metcalfe, NASA Agency Clearance Officer, Code NP, NASA Headquarters, Washington, DC 20546; Bruce McConnell, Office of Information and Regulatory Affairs, OMB, Room 3235, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Shirley C. Peigare, NASA Reports Officer, (202) 453-1090.

Reports

Title: DoD Industrial Plant Equipment Requisition (NASA Use).

OMB Number: 2700-0021.
Type of Request: Extension.
Frequency of Report: On occasion.
Type of Respondent: Businesses or other for-profit, non-profit institutions, small businesses or organizations.
Annual Responses: 34.
Annual Burden Hours: 44.
Abstract-Need/Uses: Before NASA contractors acquire new equipment under NASA contracts, they must check for availability of the equipment within NASA. DoD has an existing Form 1419 for this purpose. Rather than creating a new form, NASA uses a portion of DoD's form which serves NASA's use adequately.

Ray A. Metcalfe,
General Management Division.
September 10, 1987.
[FR Doc. 87-21796 Filed 9-21-87; 8:45 am]
BILLING CODE 7510-01-M

[Notice 87-77]

Agency Report Forms Under OMB Review

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Agency Report Forms Under OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed information collection requests to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made the submission.

Copies of the proposed forms, the requests for clearance (S.F. 83's), supporting statements, instructions, transmittal letters and other documents submitted to OMB for review, may be obtained from the Agency Clearance Officer. Comments on the items listed should be submitted to the Agency Clearance Officer and the OMB Reviewer.

DATE: Comments must be received in writing by October 22, 1987. If you anticipate commenting on a form but find that time to prepare will prevent you from submitting comments promptly, you should advise the OMB Reviewer and the Agency Clearance Officer of your intent as early as possible.

ADDRESS: Rayburn A. Metcalfe, NASA Agency Clearance Officer, Code NP, NASA Headquarters, Washington, DC 20546; Bruce McConnell, Office of Information and Regulatory Affairs, OMB, Room 3235, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Shirley C. Peigare, NASA Reports Officer, (202) 453-1090.

Reports

Title: DoD Property Record (NASA Use).

OMB Number: 2700–0025.
Type of Request: Extension.
Frequency of Report: On occasion.
Type of Respondent: Businesses or other for-profit, non-profit institutions, small businesses or organizations.
Annual Responses: 3,000.
Annual Burden Hours: 1,476.
Abstract-Need/Uses: For NASA contractors to use Government-owned equipment they must report the status of that equipment. Rather than creating another form, NASA contractors prepare Section I of DD Form 1342 which is already used by DoD contractors for this purpose.

Rayburn A. Metcalfe,
Acting Director, General Management Division.
September 10, 1987.
[FR Doc. 87–21797 Filed 9–21–87; 8:45 am]
BILLING CODE 7510-01-M

[Notice 87–78]

Agency Report Forms Under OMB Review

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Agency Report Forms Under OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed information collection requests to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made the submission.

Copies of the proposed forms, the requests for clearance (S.F. 83's), supporting statements, instructions, transmittal letters and other documents submitted to OMB for review, may be obtained from the Agency Clearance Officer. Comments on the items listed should be submitted to the Agency Clearance Officer and the OMB Reviewer.

DATE: Comments must be received in writing by October 22, 1987. If you anticipate commenting on a form but find that time to prepare will prevent you from submitting comments promptly, you should advise the OMB Reviewer and the Agency Clearance Officer of your intent as early as possible.

ADDRESS: Rayburn A. Metcalfe, NASA Agency Clearance Officer, Code NP, NASA Headquarters, Washington, DC 20548; Bruce McConnell, Office of Information and Regulatory Affairs, OMB, Room 3235, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Shirley C. Peigare, NASA Reports Officer, (202) 453–1090.

Reports

Title: Information Collection from the Public in Support of the NASA Acquisition Process.
OMB Number: 2700–0042.
Type of Request: Extension.
Frequency of Report: As required.
Type of Respondent: Individuals or households, state or local governments, businesses or other for-profit, non-profit institutions, small businesses or organizations.
Annual Responses: 376,782.
Annual Burden Hours: 12,040,000.
Abstract-Need/Uses: Information collection is required to evaluate bids and proposals from offerors in order to award contracts for required goods and services in support of NASA's mission. It also includes reporting requirements under NASA contracts.

Rayburn A. Metcalfe,
Acting Director, General Management Division.
September 10, 1987.
[FR Doc. 87–21798 Filed 9–21–87; 8:45 am]
BILLING CODE 7510-01-M

[Notice 87–79]

Agency Report Forms Under OMB Review

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Agency Report Forms Under OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed information collection requests to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made the submission.

Copies of the proposed forms, the requests for clearance (S.F. 83's), supporting statements, instructions, transmittal letters, and other documents submitted to OMB for review, may be obtained from the Agency Clearance Officer. Comments on the items listed should be submitted to the Agency Clearance Officer and the OMB Reviewer.

DATE: Comments must be received in writing by October 22, 1987. If you anticipate commenting on a form but find that time to prepare will prevent you from submitting comments promptly, you should advise the OMB Reviewer and the Agency Clearance Officer of your intent as early as possible.

ADDRESS: Rayburn A. Metcalfe, NASA Agency Clearance Officer, Code NP, NASA Headquarters, Washington, DC 20546; Bruce McConnell, Office of Information and Regulatory Affairs, OMB, Room 3235, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Shirley C. Peigare, NASA Reports Officer, (202) 452–1090.

Reports

Title: NASA FAR Supplement, Part 18–23, Environment, Conservation, and Occupational Safety.
OMB Number: 2700–0051.
Type of Request: Extension.
Frequency of Report: On occasion.
Type of Respondent: State or local governments, businesses or other for-profit, non-profit institutions, small businesses or organizations.
Annual Responses: 750.
Annual Burden Hours: 30,000.
Abstract—Need/Uses: Where unique facility safety or health requirements exist, including hazardous deliverables or operations, suitable contractor's safety and health plans are required as are accident reports.

Rayburn A. Metcalfe,
Acting Director, General Management Division.
September 10, 1987.
[FR Doc. 87–21799 Filed 9–21–87; 8:45 am]
BILLING CODE 7510-01-M

[Notice 87–80]

NASA Advisory Council; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of Meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Pub. L. 92–463, as amended, the National Aeronautics and Space Administration announces a forthcoming meeting of the NASA Advisory Council (NAC).

DATE AND TIME: October 6, 1987, 9 a.m. to 4:30 p.m.

ADDRESS: National Aeronautics and Space Administration, Room 7002, Federal Building 6, 400 Maryland Avenue SW., Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Mr. Nathaniel B. Cohen, Code F, National Aeronautics and Space Administration, Washington, DC 20546, 202/453–8335.

SUPPLEMENTARY INFORMATION: The NAC was established as an interdisciplinary group to advise senior management on the full range of

NASA's programs, policies, and plans. The Council is chaired by Mr. Daniel J. Fink and is composed of 24 members. Standing committees containing additional members report to the Council and provide advice in the substantive areas of aeronautics, life sciences, space applications, space and earth science, space systems and technology, and history, as they relate to NASA's activities.

Visitors will be admitted to the meeting room up to its seating capacity, which is approximately 60 persons including Council members and other participants. Visitors will be requested to sign a visitor's register.

Type of Meeting: Open.

Agenda:

October 6, 1987.

9 a.m.—Introductory Remarks.

9:15 a.m.—Review of Chairmen's Meeting.

10:15 a.m.—Report of Task Force on International Relations in Space.

1 p.m.—National Research Council Report on Space Station Program; NASA Response.

2 p.m.—Status Report: "Ozone Hole" Research.

2:30 p.m.—New Business.

4:30 p.m.—Adjourn.

Richard L. Daniels,

Advisory Committee Management Officer, National Aeronautics and Space Administration.

September 16, 1987.

[FR Doc. 87-21800 Filed 9-21-87; 8:45 am]

BILLING CODE 7510-01-M

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-293]

Environmental Assessment and Finding of No Significant Impact; Boston Edison Co.

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of exemptions from certain requirements of 10 CFR Part 50, Appendix R, to the Boston Edison Company (BECo/licensee) for the Pilgrim Nuclear Power Station located at the licensee's site in Plymouth County, Massachusetts.

Environmental Assessment

Identification of the Proposed Action

The proposed action would grant exemptions from certain requirements of Appendix R of 10 CFR Part 50. Specifically, exemptions were requested from Section III.G.2.a to the extent that it requires:

(a) Separation of redundant trains of residual heat removal (RHR), automatic depressurization system (ADS), core spray and emergency diesel generator fuel oil transfer pump cables located in Fire Zones 1.1., 1.6/1.8, and 1.30A, respectively, by 3-hour fire rated barriers.

(b) Structural steel in the torus compartment forming a part of or supporting the fire barrier between redundant trains of safe shutdown components in Fire Zone 1.30A and Fire Zones 1.9 and 1.10 to be protected to provide fire resistance equivalent to that required of the barrier.

(c) Structural steel in the steam tunnel forming a part of or supporting the fire barrier between Fire Zone 1.32 and Fire Zones 1.11 and 1.12 to be protected to provide fire resistance equivalent to that required of the barrier.

Need for the Proposed Action

To meet the requirements of Subsection III.G.2 of Appendix R, one train of cables and equipment necessary to achieve and maintain safe shutdown shall be maintained free of fire damage.

Subsection III.G.3 of Appendix R requires that for areas where alternative or dedicated shutdown capability is provided, fire detection and a fixed fire suppression system shall also be installed in the area, room, or zone under consideration.

The proposed action is needed to allow the licensee to complete less costly modifications, including rerouting of power cables out of the fire zones of concern, and to employ existing fire protection features. This will provide the level of fire safety which is equivalent to that achieved by compliance with the technical requirements of Section III.G of Appendix R.

Environmental Impacts of the Proposed Action

The proposed exemptions would provide an equivalent level of fire safety such that there is no increase in the risk of not achieving safe shutdown at the Pilgrim Station. Consequently, the probability of achieving safe shutdown has not been decreased and the post-accident radiological releases would not be greater than previously determined nor do the proposed exemptions otherwise affect radiological plant effluents. The proposed exemptions do not affect plant nonradiological effluents and will have no other environmental impact. Therefore, the Commission concludes that there are no significant radiological or nonradiological environmental impacts associated with the proposed exemptions.

Alternatives to the Proposed Action

Since the Commission has concluded there is no measurable environmental impact associated with the proposed exemptions, other alternatives need not be evaluated. The principal alternative to the exemptions would be to require rigid compliance with the Section III.G.2 requirements. Such action would not enhance the protection of the environment and would result in unjustified costs for the licensee.

Alternative Use of Resources

This action does not involve the use of resources not considered previously in the Final Environmental Statement related to the operation of Pilgrim Nuclear Power Station.

Agencies and Persons Consulted

The NRC staff reviewed the licensee's requests and did not consult other agencies or persons.

Finding of No Significant Impact

The Commission has determined not to prepare an environmental impact statement for the proposed exemptions. Based upon the foregoing environmental assessment, the NRC staff concludes that the proposed action will not have a significant effect on the quality of the human environment.

For further details with respect to this proposed action, see the licensee's letters dated November 16, 1983 supplemented on December 27, 1984, July 28, and November 14, 1986, and April 21 and August 4, 1987. These letters are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW., Washington, DC, and at the Plymouth Public Library, 11 North Street, Plymouth County, Massachusetts.

Dated at Bethesda, Maryland this 16th day of September 1987.

For the Nuclear Regulatory Commission.

Victor Nerses,

Acting Director, Project Directorate I-3, Division of Reactor Regulations I/II.

[FR Doc. 87-21834 Filed 9-21-87; 8:45 am]

BILLING CODE 7590-01-M

Meeting; Advisory Committee on Reactor Safeguards, Subcommittee on Safety Philosophy, Technology, and Criteria

The ACRS Subcommittee on Safety

Philosophy, Technology, and criteria will hold a meeting on October 7, 1987, Room 1047, 1717 H Street NW., Washington, DC.

The entire meeting will be open to public attendance.

The agenda for the subject meeting shall be as follows:

Wednesday, October 7, 1987—6:00 p.m. until the conclusion of business

The Subcommittee will meet with the NRC Staff and discuss their plans for incorporating the ACRS recommendations on Safety Goal Policy implementation into the Policy implementation plan.

Oral statements may be presented by members of the public with the concurrence of the subcommittee Chairman; written statements will be accepted and made available to the Committee. Recordings will be permitted only during those portions of the meeting when a transcript is being kept, and questions may be asked only by members of the Subcommittee, its consultants, and Staff. Persons desiring to make oral statements should notify the ACRS staff member named below as far in advance as is practicable so that appropriate arrangements can be made.

During the initial portion of the meeting, the Subcommittee, along with any of its consultants who may be present, may exchange preliminary views regarding matters to be considered during the balance of the meeting.

The Subcommittee will then hear presentations by and hold discussions with representatives of the NRC staff, its consultants, and other interested persons regarding this review.

Further information regarding topics to be discussed, whether the meeting has been cancelled or rescheduled, the Chairman's ruling on requests for the opportunity to present oral statements and the time allotted therefor can be obtained by a prepaid telephone call to the cognizant ACRS staff member, Dr. Richard Savio (telephone 202/634-3267) between 8:15 a.m. and 5:00 p.m. Persons planning to attend this meeting are urged to contact the above named individual one or two days before the scheduled meeting to be advised of any changes in schedule, etc., which may have occurred.

Date: September 16, 1987.

Morton W. Libarkin,

Assistant Executive Director for Project Review Activities.

[FR Doc. 87-21841 Filed 9-21-87; 8:45 am]

BILLING CODE 7590-01-M

NUCLEAR REGULATORY COMMISSION

ENVIRONMENTAL PROTECTION AGENCY

[FRL-3264-9]

Conceptual Design Approach for Commercial Mixed Low-Level Radioactive and Hazardous Waste Disposal Facilities

AGENCY: Nuclear Regulatory Commission/Environmental Protection Agency.

ACTION: Notice of availability of a joint guidance document.

SUMMARY: The Nuclear Regulatory Commission (NRC) and the Environmental Protection Agency (EPA) are announcing the availability of a joint guidance document which provides a conceptual design approach for commercial mixed low-level radioactive and hazardous waste. (Mixed LLW) disposal facilities. The guidance has been jointly developed by NRC and EPA to demonstrate that their dual regulatory requirements for land disposal of commercial low-level mixed waste can be successfully integrated. The guidance is intended to assist States and compact regions in their efforts to design Mixed LLW land disposal units, and to assist existing commercial low-level radioactive waste disposal site operators as they expand facilities to accommodate Mixed LLW. Both agencies reiterate that the guidance conceptually depicts a single design approach that integrates the requirements of both agencies. The EPA and NRC acknowledge, however, that alternate designs, or variations of the proposed design approach, may be acceptable under the requirements of both agencies and provide a comparable level of environmental protection. The conceptual design reflects the EPA and NRC regulations in existence on August 1, 1987.

DATES: The guidance was jointly endorsed by the Director, Office of Nuclear Material Safety and Safeguards, NRC and the Assistant Administrator, Office of Solid Waste and Emergency Response, EPA.

ADDRESSES: Copies of the guidance document may be obtained free of charge from NRC upon written request to the Docket Control Center, Division of High Level Waste Management, U.S. Nuclear Regulatory Commission, Mail Stop 623-SS, Washington, DC 20555, telephone (301) 427-4226. Copies are available for inspection and copying for a fee in the NRC Public Document Room, 1717 H Street NW., Washington, DC 20555. It may also be obtained free of charge from EPA by calling the RCRA Hotline telephone (800) 424-9346, or in Washington, DC, by calling 382-3000. In addition, this document is available for viewing in the EPA RCRA Docket in Room LG-100, U.S. Environmental Protection Agency, 401 M Street SW., Washington, DC 20460. The docket is open from 9:00 a.m. to 4:00 p.m. Monday through Friday, except Federal holidays. The public must make an appointment to review docket materials. Call (202) 475-9327 for appointments.

FOR FURTHER INFORMATION CONTACT: Dr. Sher Bahadur, Division of Low-Level Waste Management and Decommissioning, U.S. Nuclear Regulatory Commission, Mail Stop 623-SS, Washington, DC 20555, or Mr. Kenneth Skahn, Waste Management Division, Environmental Protection Agency, Mail Code WH-565, 401 M Street SW., Washington, DC 20460.

SUPPLEMENTARY INFORMATION: This announcement notices availability of the Joint NRC-EPA Guidance on a Conceptual Design Approach for Commercial Mixed Low-Level Radioactive and Hazardous Waste Disposal Facilities.

For the Environmental Protection Agency.

J. Winston Porter,

Assistant Administrator, Office of Solid Waste and Emergency Response.

August 7, 1987.

For the Nuclear Regulatory Commission.

Hugh L Thompson, Jr.,

Director, Office of Nuclear Materials Safety and Safeguards.

August 28, 1987.

[FR Doc. 87-21807 Filed 9-21-87; 8:45 am]

BILLING CODE 6560-50-M

PRESIDENTIAL COMMISSION ON THE HUMAN IMMUNODEFICIENCY VIRUS EPIDEMIC

Meeting

Notice is hereby given, pursuant to Public Law 92-463, that the Presidential Commission on the Human Immunodeficiency Virus Epidemic will hold a meeting on Wednesday, September 30, 1987, from 2:00 p.m. to 5:00 p.m. The meeting will be held in Room 106, Dirksen Senate Office Building, Washington, DC 20510.

The purpose of the meeting is to exchange views with appropriate members of the Senate and House of Representatives on the human immunodeficiency virus epidemic.

Because of the need to obtain the views of the Members of Congress as soon as possible and because of the early deadlines for the reports required

of the Commission, this notice is being provided at the earliest possible time.

Records shall be kept of all Commission proceedings and shall be available for public inspection at 655 15th Street, NW., Suite 901, Washington, DC 20005.

William J. Walsh, III,

Executive Secretary, Presidential Commission on the Human Immunodeficiency Virus Epidemic.

[FR Doc. 87-21959 Filed 9-21-87; 8:45 am]

BILLING CODE 4160-15-M

SECURITIES AND EXCHANGE COMMISSION

[File No. 1-0401]

Issuer Delisting; Application To Withdraw From Listing and Registration; Anchor Hocking Corporation (8⅝% Sinking Fund Debentures, Due July 1, 2006)

September 16, 1987.

Anchor Hocking Corporation ("Company"), has filed an application with the Securities and Exchange Commission pursuant to section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated there under, to withdraw its 8⅝% Sinking Fund Debentures, due July 1, 2006, from listing and registration on the New York Stock Exchange, Inc. ("NYSE").

The reasons alleged in the application for withdrawing this security from listing and registration include the following:

The indenture dated as of July 1, 1976, between the Company and Morgan Guaranty Trust Company of New York, as trustee, governs the Debentures the Company seeks to deregister and delist. The authorized principal amount of $45,000,000 was issued as of July 1, 1976 and bears interest at an annual rate of 8⅝%, payable January 1 and July 1 of each year. The Debentures are entitled to a sinking fund, which commenced July 1, 1987, in the amount of $2,150,000 each year. The Company has the ability to double its sinking fund deposit each year, and also can credit Debentures otherwise acquired against its sinking fund obligations. Sinking fund redemptions are at par plus accrued interest. The Debentures may be redeemed by the Company at any time, but at a premium. The premium is currently 104.4% At present, approximately $15,120,000 principal amount of Debentures are outstanding and the Debentures are held by approximately forty-seven holders.

On July 2, 1987, in accordance with an Agreement and Plan of Reorganization dated as of February 24, 1987, by and among Newell Co. (formerly known as New Newell Co., ("Newell")), Newell Operating Company (formerly known as Newell Co., ("Old Newell")) and the Company, the Company became an indirectly wholly-owned subsidiary of Newell (the "Combination"). At the time the Combination was consummated, a wholly-owned subsidiary of Newell merged into the Company, the name of Newell was changed to "Newell Co.," and the name of Old Newell was changed to "Newell Operating Company."

In the Combination, each share of common stock, $1.00 Par Value, of the Company was converted into either (i) one share of $2.08 convertible preferred stock, $1.00 par value, of Newell ("Convertible Preferred Stock") or (ii) the right to receive $16.00 in cash and $16.00 principal amount of a new issue of 10.5% Senior Subordinated Debentures due 1999 of Newell ("Newell Debentures"). Newell issued 4,267,533 shares of Convertible Preferred Stock, $77,294,400 principal amount of Newell Debentures and delivered $77,357,632 in cash in connection with the Combination.

Immediately following consummation of the Combination, the Company's common stock and preference share purchase rights were delisted and subsequently the Company filed certification/notices on Form 15 with respect to both securities. In addition, a Form 15 was filed with respect to the Company's 5⅛% Sinking Fund Debentures, due April 13, 1991, which were not registered under section 12 of the Act. As a result, the Debentures are the only securities of the Company registered under the Act. But for the listing on the NYSE of the Debentures, the Company would not be subject to the reporting requirements of section 13(a) or 15(d) of the Act. The Company, therefore, has filed this application to withdraw the Debentures from listing and registration.

Any interested person may, on or before October 17, 1987, submit by letter to the Secretary of the Securities and Exchange Commission, Washington, DC 20549, facts bearing upon whether the application has been made in accordance with the rules of the Exchange and what terms, if any, should be improved by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 87-21785 Filed 9-21-87; 8:45 am]

BILLING CODE 8010-01-M

Office of the United States Trade Representative

Trade Policy Staff Committee (TPSC); Review and Solicitation of Public Comment; Proposed Modification of List of Articles Eligible for Duty-Free Treatment Under U.S. Generalized System of Preferences (GSP) To Remove Leather Cut Soles; Expedited Review

I. Initiation of Expedited Review

The purpose of this notice is to announce that the TPSC has granted a request from Howes Leather Company, Inc. to conduct the review of case numbers 87-70 and 87-HS-69 on an expedited basis.

In light of the TPSC's decision to expedite its review of the subject cases, the public hearing and comment period specified in (52 FR 28896) will not apply to these cases. A separate public hearing will be held and comments will be accepted on these cases as described below.

II. Public Hearing and Comment Period

The GSP subcommittee of the TPSC invites submissions in support of or in opposition to the cases that are the subject of this notice. All such submissions should conform to 15 CFR Part 2007, particularly §§ 2007.0, 2007.1(a)(1), 2007.1(a)(2), and 2007.1(a)(3).

A hearing will be held on October 16 beginning at 10:00 a.m. in room 403, 600 17th Street, NW., Washington, DC provided that requests to testify are received as specified below. The hearing will be open to the public and the transcript will be made available for public inspection or purchase from the reporting company.

Requests to present oral testimony in connection with public hearings should be accompanied by 20 copies, in English, of all written briefs or statements and should be received by the Chairman of the GSP Subcommittee no later than the close of business Friday, October 9. Oral testimony before the GSP Subcommittee will be limited to five minute presentations that summarize or supplement information contained in

briefs or statements submitted for the record. Post-hearing briefs or statements will be accepted if submitted in twenty copies, in English, no later than close of business Friday, October 30. Rebuttal briefs should be submitted in twenty copies, in English, by close of business Friday, November 13.

Parties not wishing to appear may submit written briefs or statements in twenty copies, in English, in connection with articles or countries under consideration in the public hearings, provided that such submissions are filed by Friday, October 30 and conform with the regulations cited above.

All submissions should be submitted in 20 copies, in English, to the chairman of the GSP Subcommittee of the Trade Policy Staff Committee, 600 17th Street, NW., Room 517, Washington, DC 20506. Information submitted in connection with the hearings will be subject to public inspection by appointment with the staff of the GSP Information Center, except for information granted "business confidential" status pursuant to 15 CFR 2003.6 and 15 CFR 2006.10. Briefs or statements must be submitted in twenty copies in English. If the document contains business confidential information, 20 copies of a nonconfidential version of the submission along with 12 copies of the confidential version must be submitted. In addition, the document containing confidential information should be clearly marked "confidential" at the top and bottom of each and every page of the document. The version that does not contain business confidential information (the public version) should also be clearly marked at the top and bottom of each and every page (either "public version" or "nonconfidential").

All communications with regard to this review should be addressed to the GSP Subcommittee, Office of the U.S. Trade Representative, 600 17th Street, NW., Room 517, Washington, DC 20506. Questions may be directed to the GSP Information Center at (202) 395–6971.

Donald M. Phillips,

Chairman, Trade Policy Staff Committee.

[FR Doc. 87–21874 Filed 9–21–87; 8:45 am]

BILLING CODE 3190–01–M

OFFICE OF UNITED STATES TRADE REPRESENTATIVE

Advisory Committee for Trade Negotiations Investment Policy Advisory Committee; Meetings and Determination of Closing of Meetings

The meetings of the Advisory Committee for Trade Negotiations to be held Wednesday, September 30, 1987, from 1:30 p.m. to 4:00 p.m.; the Investment Policy Advisory Committee to be held Wednesday, October 14, 1987, from 9:30 a.m. to 12:00 noon in Washington, DC, will include the development, review and discussion of current issues which influence the trade policy of the United States. Pursuant to section 2155(f)(2) of Title 19 of the United States Code, I have determined that these meetings will be concerned with matters the disclosure of which would seriously compromise the Government's negotiating objectives or bargaining positions.

Inquiries may be directed to Barbara W. North, Director, Office of Private Sector Liaison, Office of the United States Trade Representative, Executive Office of the President, Washington, DC 20506.

Michale B. Smith,

Acting United States Trade Representative.

[FR Doc. 87–21771 Filed 9–21–87; 8:45 am]

BILLING CODE 3190–01–M

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

Environmental Impact Statement; Boise County, ID

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice of intent.

SUMMARY: The FHWA is issuing this notice to advise the public that a supplemental environmental impact statement will be prepared for a proposed highway project in Boise County, Idaho.

FOR FURTHER INFORMATION CONTACT: Mr. Allan J. Stockman, Location/Environmental Engineer, Environmental Planning Branch, Western Direct Federal Division, Federal Highway Administration, 610 East Fifth Street, Vancouver, Washington 98661–3893, telephone 206–696–7751.

SUPPLEMENTARY INFORMATION: The FHWA, in cooperation with the Forest Service; Idaho Transportation Department, Division of Highways; and Boise County will prepare a supplement to the Final Environmental Impact Statement (FEIS) approved on January 16, 1984, for Idaho Forest Highway Route 24, the Banks-Lowman Highway, between Sweet Creek (Milepost 17) and Lowman (Milepost 33.6). Since 1984, a number of important conditions have changed in the study area as described in FHWA's June 10, 1987 re-evaluation of the FEIS. Consequently, a supplemental environmental impact statement (SEIS) is required to investigate these changed conditions and the selected improvement alternative, especially for a 5 mile long section of highway between Sweet Creek and Little Gallagher Creek.

The currently selected improvement alternative provides for the reconstruction of 16.6 miles of the Banks-Lowman Highway including the relocation of a 5 mile segment between Sweet Creek and Little Gallagher Creek to the south shore of the South Fork Payette River. The SEIS will re-assess the existing conditions and impacts of all alternatives, especially the north shore alternatives, to determine if the currently approved location is still appropriate.

Announcements of the proposed SEIS preparation are being sent to appropriate Federal, state and local agencies; private organizations; and citizens who have previously expressed interest in the proposal. Public Notices are also being sent to newspapers having general circulation in the study area. Any public meeting or gatherings used to obtain additional public input will be announced at a later date.

To ensure that the full range of issues and existing conditions related to this proposed action are addressed and all significant issues identified, comments and suggestions are invited from all interested parties. Comments or questions concerning this proposed action and the SEIS should be directed to the FHWA at the address provided above

"Catalog of Federal Domestic Assistance Program Number 20.205, Highway Research, Planning, and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation of Federal programs and activities apply to this program."

Issued on: September 10, 1987.

James N. Hall,

Division Engineer, Vancouver, Washington.

[FR Doc. 87–21780 Filed 9–21–87; 8:45 am]

BILLING CODE 4910–22–M

Urban Mass Transportation Administration

UMTA Section 3 and 9 Grant Obligations

AGENCY: Urban Mass Transportation Administration (UMTA), DOT.

ACTION: Notice.

SUMMARY: Pub. L. 99–500 signed into law by President Reagan on October 18, 1986, contained a provision requiring the Urban Mass Transportation

Administration to publish an announcement in the **Federal Register** each time a grant is obligated pursuant to sections 3 and 9 of the urban Mass Transportation Act of 1964, as amended. The statute requires that the announcement include the grant number, the grant amount, and the transit property receiving each grant. This notice provides the information as required by statute.

FOR FURTHER INFORMATION CONTACT: Edward R. Fleischman, Chief, Resource Management Division, (202) 366–2053, 400 Seventh Street SW., Washington, DC 20590.

SUPPLEMENTARY INFORMATION: The section 3 program was established by the Urban Mass Transportation Act of 1964 to provide capital assistance to eligible recipients in urban areas. Funding for this program is distributed on a discretionary basis. The section 9 formula program was established by the Surface Transportation Assistance Act of 1982. Funds appropriated to this program are allocated on a formula basis to provide capital and operating assistance in urbanized areas. Pursuant to Pub. L. 99–500, UMTA reports the following grant information.

SECTION 3 GRANTS

Transit property	Grant No.	Grant amount	Date Obligated
Metropolitan Atlanta Rapid Transit Authority, Atlanta, GA	GA–03–0023–10	$45,000,000	8/20/87
Metropolitan Atlanta Rapid Transit Authority, Atlanta, GA	GA–03–0029–01	$6,098,900	8/20/87
Section 9 Grants: None			

Issued on: September 15, 1987.

Alfred A. DelliBovi,

Deputy Administrator.

[FR Doc. 87–21766 Filed 9–21–87; 8:45 am]

BILLING CODE 4910–57–M

VETERANS ADMINISTRATION

Advisory Committee on Former Prisoners of War; Renewal

This gives notice under the Federal Advisory Committee Act (Pub. L. 92–463) of October 6, 1972, that the Advisory Committee on Former Prisoners of War has been renewed for a two year period beginning September 9, 1987, through September 9, 1989.

Dated: September 10, 1987.

By direction of the Administrator.

Rosa Marie Fontanez,

Committee Management Officer.

[FR Doc. 87–21814 Filed 9–21–87; 8:45 am]

BILLING CODE 8320–01–M

Sunshine Act Meetings

Federal Register
Vol. 52, No. 183
Tuesday, September 22, 1987

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

FEDERAL COMMUNICATIONS COMMISSION

September 15, 1987.

The Federal Communications Commission will consider an additional item on the subject listed below at the Open Meeting scheduled for 9:30 a.m., Thursday, September 17, 1987 at 1919 M Street, NW., Washington, DC.

Agenda, Item No., and Subject

Mass Media—3—Title: Application for transfer of control of WBC Broadcasting Corp., license of television station WTVJ(TV), Miami, Florida. Summary: The Commission will consider the above captioned application, as well as a petition and request to deny that application.

The prompt and orderly conduct of Commission business requires that less than 7 days notice be given consideration of this additional item.

Action by the Commission, September 15, 1987. Commissioners Patrick, Chairman; Quello, Dawson and Dennis voting to consider this item.

Additional information concerning this item may be obtained from Sarah Lawrence, FCC Office of Congressional and Public Affairs, telephone number (202) 632-5050.

Issued: September 15, 1987.

Federal Communications Commission.

William J. Tricarico,

Secretary.

[FR Doc. 87-21866 Filed 9-18-87; 11:01 am]

BILLING CODE 6712-01-M

FEDERAL DEPOSIT INSURANCE CORPORATION

Pursuant to the provisions of subsection (e)(2) of the "Government in the Sunshine Act" (5 U.S.C. 552b(e)(2)), notice is hereby given that at its closed meeting held at 2:30 p.m. on Tuesday, September 15, 1987, the Corporation's Board of Directors determined, on motion of Chairman L. William Seidman, seconded by Director C.C. Hope, Jr. (Appointive), concurred in by Director Robert L. Clark (Comptroller of the Currency), that Corporation business required the addition to the agenda for consideration at the meeting, on less than seven days' notice to the public, of: (1) A recommendation regarding the Corporation's assistance agreement with an insured bank, and (2) requests for financial assistance pursuant to section 13(c) of the Federal Deposit Insurance Act.

The Board further determined, by the same majority vote, that no earlier notice of the changes in the subject matter of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B)).

Dated: September 16, 1987.

Federal Deposit Insurance Corporation.

Margaret M. Olsen,

Deputy Executive Secretary.

[FR Doc. 87-21907 Filed 9-18-87; 12:37 pm]

BILLING CODE 6714-01-M

FEDERAL RESERVE SYSTEM BOARD OF GOVERNORS.

TIME AND DATE: 11:00 a.m., Monday, September 28, 1987.

PLACE: Marriner S. Eccles Federal Reserve Board Building, C Street entrance between 20th and 21st Streets, NW., Washington, DC 20551.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Proposed purchase of check processing equipment within the Federal Reserve System.
2. Proposed relocation of check operations at a Federal Reserve Bank.
3. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.
4. Any items carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION: Mr. Joseph R. Coyne, Assistant to the Board; (202) 452-3204. You may call (202) 452-3207, beginning at approximately 5 p.m. two business days before this meeting, for a recorded announcement of bank and bank holding company applications scheduled for the meeting.

Date: September 18, 1987.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 87-21926 Filed 9-18-87; 3:37 pm]

BILLING CODE 6210-01-M

NUCLEAR REGULATORY COMMISSION

DATE: Weeks of September 21, 28, October 5, and 12, 1987.

PLACE: Commissioners' Conference Room, 1717 H Street, NW., Washington, DC.

STATUS: Open and Closed.

MATTERS TO BE CONSIDERED:

Week of September 21

Wednesday, September 23

2:00 p.m.
Affirmation/Discussion and Vote (Public Meeting)
a. Request for Hearing by Atlas Corporation on Denial of Its Application to Renew Its Source Materials License

Week of September 28—Tentative

Thursday, October 1

10:00 a.m.
Discussion of Pending Investigations (Closed—Ex. 5 & 7)
2:00 p.m.
Briefing on Technical Specifications Improvement Project (Public Meeting)
3:30 p.m.
Affirmation/Discussion and Vote (Public Meeting) (if needed)

Week of October 5—Tentative

Tuesday, October 6

2:00 p.m.
Briefing on Transportation and the Modal Study (Public Meeting)

Thursday, October 8

2:30 p.m.
Discussion of Management-Organization and Internal Personnel Matters (Closed—Ex. 2 & 6)
4:00 p.m.
Affirmation/Discussion and Vote (Public Meeting) (if needed)

Week of October 12—Tentative

Tuesday, October 13

2:00 p.m.
Briefing on the Federally Funded Research Development Center (FFRDC) (Public Meeting)

Friday, October 16

10:00 a.m.
Briefing on Status of Rancho Seco (Public Meeting)
11:30 a.m.
Affirmation/Discussion and Vote (Public Meeting) (if needed)

ADDITIONAL INFORMATION:
Affirmation of "Imports of South African-Origin Uranium" and "Deferred Plant Policy Statement" (Public Meeting) was held on September 17.

Note.—Affirmation sessions are initially scheduled and announced to the public on a time-reserved basis. Supplementary notice is provided in accordance with the Sunshine Act as specific items are identified and added to the meeting agenda. If there is no specific subject listed for affirmation, this means that no item has as yet been identified as requiring any Commission vote on this date.

TO VERIFY THE STATUS OF MEETINGS CALL (RECORDING) (202) 634–1498.

CONTACT PERSON FOR MORE INFORMATION: Robert McOsker (202) 634–1410

Robert B. McOsker,

Office of the Secretary.

September 17, 1987.

[FR Doc. 87–21927 Filed 9–18–87; 3:41 pm]

BILLING CODE 7590-01-M

SECURITIES AND EXCHANGE COMMISSION

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of September 21, 1987:

A closed meeting will be held on Tuesday, September 22, 1987, at 2:30 p.m.

The Commissioners, Counsel to the Commissioners, the Secretary of the Commission, and recording secretaries will attend the closed meeting. Certain staff members who are responsible for the calendared matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at a closed meeting.

Commissioner Grundfest, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matter of the closed meeting scheduled for Tuesday, September 22, 1987, at 2:30 p.m., will be:

Settlement of administrative proceedings of an enforcement nature.

Institution of injunctive actions.

Institution of administrative proceedings of an enforcement nature.

Settlement of injunctive actions.

Report of investigation.

Opinions.

At times changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: Patrick Daugherty at (202) 272–3077.

Jonathan G. Katz,

Secretary.

September 16, 1987.

[FR Doc. 87–21903 Filed 9–18–87; 12:10 pm]

BILLING CODE 8010-01-M

Corrections

Federal Register
Vol. 52, No. 183
Tuesday, September 22, 1987

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents and volumes of the Code of Federal Regulations. These corrections are prepared by the Office of the Federal Register. Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control

Intent To Contract for Sanitation Inspection of Cruise Ships

Correction

In notice document 87-19014 beginning on page 31448 in the issue of Thursday, August 20, 1987, make the following correction:

On page 31448, in the first column, the words "Cooperative Agreement;" should not have appeared in the subject heading.

BILLING CODE 1505-01-D

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 341

[Docket No. 76N-052T]

Cold, Cough, Allergy, Bronchodilator, and Antiasthmatic Drug Products for Over-the-Counter Human Use; Final Monograph for OTC Antitussive Drug Products

Correction

In rule document 87-18144 beginning on page 30042 in the issue of Wednesday, August 12, 1987, make the following correction:

§ 341.74 [Corrected]

On page 30056, in § 341.74(c)(2), in the first column, in the sixth line, insert "or" after "asthma,".

BILLING CODE 1505-01-D

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Parts 201, 310, 341, and 369

[Docket No. 76N-052H]

Cold, Cough, Allergy, Bronchodilator, and Antiasthmatic Drug Products for Over-the-Counter Human Use; Tentative Final Monograph for OTC Antihistamine Drug Products

Correction

In proposed rule document 87-19062 beginning on page 31892 in the issue of Monday, August 24, 1987, make the following corrections:

1. The word "chlorcyclizine" was misspelled in the following places:

a. On page 31892, in the third column, in the first complete paragraph, in the second line.

b. On the same page, in the third column, in the third complete paragraph, in the 7th and 10th lines.

c. On page 31911, in the second column, in paragraph 3, in the 17th line.

2. On page 31895, in the second column, in the 13th line from the bottom,"dicyclomine" was mispelled.

3. On page 31904, in the first column, in the second line, "dontaining" should read "containing".

4. On page 31906, in the first column, in paragraph 37, in the third line, "Dicyclomine" was misspelled.

BILLING CODE 1505-01-D

VETERANS ADMINISTRATION

38 CFR Part 4

Evaluations of Diplopia (Double Vision)

Correction

In proposed rule document 87-19602 beginning on page 32318 in the issue of Thursday, August 27, 1987, make the following correction:

§ 4.84a [Corrected]

On page 32321, in the first column, in § 4.84a, in the table, in the right hand column, in the second line, "5/200" should read "15/200".

BILLING CODE 1505-01-D

Federal Register

Tuesday
September 22, 1987

Part II

Department of Defense

General Services Administration

National Aeronautics and Space Administration

48 CFR Parts 1, 15, 30, 31, and 52
Federal Acquisition Regulation; Incorporation of Cost Accounting Standards; Final Rule

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1, 15, 30, 31, and 52

[Federal Acquisition Circular 84-30]

Federal Acquisition Regulation; Incorporation of Cost Accounting Standards

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: Federal Acquisition Circular (FAC) 84-30 amends the Federal Acquisition Regulation (FAR) to incorporate the Cost Accounting Standards (CAS) and certain rules and regulations promulgated by the Cost Accounting Standards Board (CASB).

EFFECTIVE DATE: September 30, 1987.

FOR FURTHER INFORMATION CONTACT: Margaret A. Willis, FAR Secretariat, Room 4041, GS Building, Washington, DC 20405, Telephone (202) 523-4755.

SUPPLEMENTARY INFORMATION:

A. Paperwork Reduction Act

FAC 84-30. The revisions to FAR Parts 1, 15, 30, 31, and 52 do not change or otherwise affect information collection requirements by Federal Agencies from offerors, contractors, or members of the public because the rules previously existed as CAS Board Standards and Rules and Regulations. A paperwork burden estimate was prepared pursuant to 44 U.S.C. 3501, et seq. and submitted to OMB. Notice of such submission was published in the **Federal Register** on June 2, 1987 (52 FR 20635). The Office of Management and Budget assigned OMB Control No. 9000-0093.

B. Regulatory Flexibility Act

FAC 84-30. The revisions to FAR Parts 1, 15, 30, 31, and 52 are not expected to impact adversely upon a substantial number of small entities within the meaning of the Regulatory Flexibility Act of 1980, 5 U.S.C. 601, et seq. because the changes cover Cost Accounting Standards (CAS) and associated rules and regulations from which small business concerns are exempt.

C. Public Comments

FAC 84-30. A notice of proposed rule and request for comment was published in the **Federal Register** on June 3, 1986 (51 FR 20238). The Civilian Agency Acquisition Council and the Defense Acquisition Regulatory Council have considered the public comments in developing this final rule.

List of Subjects in 48 CFR Parts 1, 15, 30, 31, and 52

Government procurement.

Date: September 11, 1987.

Lawrence J. Rizzi,

Director, Office of Federal Acquisition and Regulatory Policy.

Federal Acquisition Circular

[Number 84-30]

Unless otherwise specified, all Federal Acquisition Regulation (FAR) and other directive material contained in FAC 84-30 is effective September 30, 1987.

Eleanor R. Spector,

Deputy Assistant Secretary of Defense for Procurement.

Terence C. Golden,

Administrator, General Services Administration.

S.J. Evans,

Assistant Administrator for Procurement, NASA.

Federal Acquisition Circular (FAC) 84-30 amends the Federal Acquisition Regulation (FAR) as specified below.

Item I—Cost Accounting Standards Incorporation Into FAR; Facilities Capital Cost of Money

FAR Part 30 is amended to incorporate into the FAR as regulations, the Cost Accounting Standards (CAS) and certain rules and regulations promulgated by the Cost Accounting Standards Board (CASB) under Pub. L. 91-379.

The revisions to FAR Part 30 incorporating the CAS and CASB rules into the FAR as regulations require corollary changes to FAR Parts 1, 15, 30, 31, and 52. No changes to the substance of the CAS or existing rules and regulations have been made. However, it is anticipated that revisions to the CAS in Subpart 30.4 will be processed as FAR revisions in accordance with normal procedures for revising the FAR.

The procedures for administering Facilities Capital Cost of Money under CAS 414 were previously published in FAR Subpart 30.5 as a proposed rule in the **Federal Register** on June 3, 1986 (51 FR 20238). However, various references in Subpart 30.5 were found to be inconsistent with the new DoD profit policy, which is in the final stages of completion. Pending resolution of these inconsistencies, FAR Subpart 30.5 has been removed from the final rule and will be republished in revised form in the future.

The clauses at FAR 52.215-30, Facilities Capital Cost of Money, and 52.215-31, Waiver of Facilities Capital Cost of Money, have been rewritten to facilitate their use.

As a result of the public comments, it has been determined that the CASB preambles will be fully adopted and accepted in their entirety as part of this promulgation. Since the CASB preambles have already been published in 4 CFR, they will not be republished in 48 CFR; however, they are published as an Appendix in Part 30 of the FAR looseleaf.

It is anticipated that in the future, the Form CASB CMF, "Facilities Capital Cost of Money Factors Computation," will be changed to an Optional form, and Form CASB-DS-1, "Disclosure Statement," will be changed to a Standard form with no substantive change in format. The CASB forms should continue to be used pending publication of the new Optional and Standard forms.

Therefore, 48 CFR Parts 1, 15, 30, 31, and 52 are amended as set forth below.

1. The authority citation for 48 CFR Parts 1, 15, 30, 31, and 52 continues to read as follows:

Authority: 40 U.S.C. 486(c); 10 U.S.C. Chapter 137; and 42 U.S.C. 2473(c).

PART 1—FEDERAL ACQUISITION REGULATIONS SYSTEM

2. Section 1.105 is amended by adding, in numerical order, a FAR segment and a corresponding OMB Control Number to read as follows:

1.105 OMB approval under the Paperwork Reduction Act.

* * * * *

FAR Segment	OMB Control No.
* * * * *	
30	9000-0093
* * * * *	

3. Section 1.402 is amended by adding a final sentence to read as follows:

1.402 Policy.

* * * Deviations are not authorized with respect to Part 30. Refer to 30.201-5 for instructions concerning waivers pertaining to Cost Accounting Standards.

PART 15—CONTRACTING BY NEGOTIATION

4. Section 15.904 is revised to read as follows:

15.904 Solicitation provision and contract clause.

(a) The contracting officer shall insert the provision at 52.215–30, Facilities Capital Cost of Money, in solicitations expected to result in contracts that are subject to the cost principles for contracts with commercial organizations (see Subpart 31.2).

(b) If the propsective contractor does not propose facilities capital cost of money in its offer, insert the clause at 52.215–31, Waiver of Facilities Capital Cost of Money, in the resulting contract.

5. Part 30 is revised to read as follows:

PART 30—COST ACCOUNTING STANDARDS

30.000 Scope of part.

SUBPART 30.1—GENERAL

30.101 Cost Accounting Standards.

Subpart 30.2—CAS Program Requirements

30.201 Contract requirements.
30.201–1 CAS applicability.
30.201–2 Types of CAS coverage.
30.201–3 Solicitation provisions.
30.201–4 Contract clauses.
30.201–5 Waiver.
30.202 Disclosure requirements.
30.202–1 General requirements.
30.202–2 Impracticality of submission.
30.202–3 Amendments and revisions.
30.202–4 Privileged and confidential information.
30.202–5 Filing Disclosure Statements.
30.202–6 Responsibilities.
30.202–7 Determinations.
30.202–8 Subcontractor Disclosure Statements.

Subpart 30.3—CAS Rules and Regulations

30.301 Definitions.
30.302 Definitions, explanations, and illustrations of the terms, "cost accounting practice" and "change to a cost accounting practice."
30.302–1 Cost accounting practice.
30.302–2 Change to a cost accounting practice.
30.302–3 Illustrations of changes which meet the definition of "change to a cost accounting practice."
30.302–4 Illustrations of changes which do not meet the definition of "change to a cost accounting practice."
30.303 Effect of filing Disclosure Statement.
30.304 Concurrent full and modified coverage.
30.305 Materiality.
30.306 Interpretations.
30.307 Cost Accounting Standards Preambles.

Subpart 30.4—Cost Accounting Standards

30.400 General.

Sec.

30.401 Cost accounting standard—consistency in estimating, accumulating, and reporting costs.
30.401–10 [Reserved]
30.401–20 Purpose.
30.401–30 [Reserved]
30.401–40 Fundamental requirement.
30.401–50 Techniques for application.
30.401–60 Illustrations.
30.401–70 Interpretation.
30.402 Cost accounting standard—consistency in allocating costs incurred for the same purpose.
30.402–10 [Reserved]
30.402–20 Purpose.
30.402–30 [Reserved]
30.402–40 Fundamental requirement.
30.402–50 Techniques for application.
30.402–60 Illustrations.
30.402–70 Interpretation.
30.403 Allocation of home office expenses to segments.
30.403–10 [Reserved]
30.403–20 Purpose.
30.403–30 [Reserved]
30.403–40 Fundamental requirement.
30.403–50 Techniques for application.
30.403–60 Illustrations.
30.403–70 Interpretation.
30.404 Capitalization of tangible assets.
30.404–10 [Reserved]
30.404–20 Purpose.
30.404–30 [Reserved]
30.404–40 Fundamental requirement.
30.404–50 Techniques for application.
30.404–60 Illustrations.
30.405 Accounting for unallowable costs.
30.405–10 [Reserved]
30.405–20 Purpose.
30.405–30 [Reserved]
30.405–40 Fundamental requirement.
30.405–50 Techniques for application.
30.405–60 Illustrations.
30.406 Cost accounting standard—cost accounting period.
30.406–10 [Reserved]
30.406–20 Purpose.
30.406–30 [Reserved]
30.406–40 Fundamental requirement.
30.406–50 Techniques for application.
30.406–60 Illustrations.
30.407 Use of standard costs for direct material and direct labor.
30.407–10 [Reserved]
30.407–20 Purpose.
30.407–30 [Reserved]
30.407–40 Fundamental requirement.
30.407–50 Techniques for application.
30.407–60 Illustrations.
30.408 Accounting for costs of compensated personal absence.
30.408–10 [Reserved]
30.408–20 Purpose.
30.408–30 [Reserved]
30.408–40 Fundamental requirement.
30.408–50 Techniques for application.
30.408–60 Illustrations.
30.409 Cost accounting standard—depreciation of tangible capital assets.
30.409–10 [Reserved]
30.409–20 Purpose.
30.409–30 [Reserved]
30.409–40 Fundamental requirement.
30.409–50 Techniques for application.

Sec.

30.409–60 Illustrations.
30.410 Allocation of business unit general and administrative expenses to final cost objectives.
30.410–10 [Reserved]
30.410–20 Purpose.
30.410–30 [Reserved]
30.410–40 Fundamental requirement.
30.410–50 Techniques for application.
30.410–60 Illustrations.

Appendix A to 30.410—Transition From a Cost of Sales or Sales Base to a Cost Input Base

30.411 Cost accounting standard—accounting for acquisition costs of material.
30.411–10 [Reserved]
30.411–20 Purpose.
30.411–30 [Reserved]
30.411–40 Fundamental requirement.
30.411–50 Techniques for application.
30.411–60 Illustrations.
30.412 Cost accounting standard for composition and measurement of pension cost.
30.412–10 [Reserved]
30.412–20 Purpose.
30.412–30 [Reserved]
30.412–40 Fundamental requirement.
30.412–50 Techniques for application.
30.412–60 Illustrations.
30.413 Adjustment and allocation of pension cost.
30.413–10 [Reserved]
30.413–20 Purpose.
30.413–30 [Reserved]
30.413–40 Fundamental requirement.
30.413–50 Techniques for application.
30.413–60 Illustrations.
30.414 Cost accounting standard—cost of money as an element of the cost of facilities capital.
30.414–10 [Reserved]
30.414–20 Purpose.
30.414–30 [Reserved]
30.414–40 Fundamental requirement.
30.414–50 Techniques for application.
30.414–60 Illustrations.
30.414–70 Exemption.

Appendix A to 30.414—Instructions for Form CASB CMF

Appendix B to 30.414—Example—ABC Corporation

30.415 Accounting for the cost of deferred compensation.
30.415–10 [Reserved]
30.415–20 Purpose.
30.415–30 [Reserved]
30.415–40 Fundamental requirement.
30.415–50 Techniques for application.
30.415–60 Illustrations.
30.416 Accounting for insurance costs.
30.416–10 [Reserved]
30.416–20 Purpose.
30.416–30 [Reserved]
30.416–40 Fundamental requirement.
30.416–50 Techniques for application.
30.416–60 Illustrations.
30.417 Costs of money as an element of the cost of capital assets under construction.
30.417–10 [Reserved]
30.417–20 Purpose.
30.417–30 [Reserved]

Sec.
30.417–40 Fundamental requirement.
30.417–50 Techniques for application.
30.417–60 Illustrations.
30.418 Allocation of direct and indirect costs.
30.418–10 [Reserved]
30.418–20 Purpose.
30.418–30 [Reserved]
30.418–40 Fundamental requirement.
30.418–50 Techniques for application.
30.418–60 Illustrations.
30.418–70 Exemptions.
30.420 Accounting for independent research and development costs and bid and proposal costs.
30.420–10 [Reserved]
30.420–20 Purpose.
30.420–30 [Reserved]
30.420–40 Fundamental requirement.
30.420–50 Techniques for application.
30.420–60 Illustrations.
30.420–70 Exemptions.

Subpart 30.5—[Reserved]

Subpart 30.6—CAS Administration

30.601 Responsibility.
30.602 Changes to disclosed or established cost accounting practices.
30.602–1 Equitable adjustments for new or modified standards.
30.602–2 Noncompliance with CAS requirements.
30.602–3 Voluntary changes.
30.603 Subcontract administration.

Authority: 40 U.S.C. 486(c); Chapter 137, 10 U.S.C.; and 42 U.S.C. 2473(c).

30.000 Scope of part.

This part describes policies and procedures for applying the Cost Accounting Standards to negotiated national defense contracts and subcontracts. This part also prescribes policies and procedures for applying those standards to certain nondefense contracts. This part does not apply to sealed bid contracts or to any contract with a small business concern (see 30.201–1(b) for these and other exemptions).

Subpart 30.1—General

30.101 Cost Accounting Standards.

(a) Pub. L. 91–379 (50 U.S.C. App. 2168) requires certain national defense contractors and subcontractors to comply with Cost Accounting Standards (CAS) and to disclose in writing and follow consistently their cost accounting practices.

(b) The obligation to comply with the CAS is extended to certain nondefense contracts as a matter of policy. This decision has resulted in differences in application between national defense and nondefense contracts and these differences are noted in the appropriate sections throughout this part.

Subpart 30.2—CAS Program Requirements

30.201 Contract requirements.

30.201–1 CAS applicability.

(a) This subsection describes the rules for determining whether a proposed contract or subcontract is exempt from CAS. (See Subpart 30.4.) Negotiated contracts not exempt in accordance with 30.201–1(b) shall be subject to CAS. A CAS-covered contract may be subject to either full or modified coverage. The rules for determining whether full or modified coverage applies are in 30.201–2.

(b) The following categories of contracts and subcontracts are exempt from all CAS requirements:

(1) Sealed bid contracts.

(2) Negotiated contracts and subcontracts not in excess of $100,000.

(3) Contracts and subcontracts with small businesses.

(4) Contracts and subcontracts with foreign governments or their agents or instrumentalities or, insofar as the requirements of CAS other than 30.401 and 30.402 are concerned, any contract or subcontract awarded to a foreign concern.

(5) Contracts and subcontracts in which the price is set by law or regulation.

(6) Contracts and subcontracts when the price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public (see 15.804–3(c)). A prospective contractor requesting exemption from CAS on this basis must provide supporting justification in accordance with 15.804–3(e). When the contracting officer determines that the justification is adequate, this exemption from CAS shall be used even though the award is made on the basis of adequate price competition.

(7) Contracts and subcontracts of $500,000 or less if the business unit is not currently performing any national defense CAS-covered contracts.

(8) Nondefense contracts awarded based on adequate price competition (see 15.804–3(b)).

(9) Nondefense contracts and subcontracts awarded to business units that are not currently performing any CAS-covered national defense contracts.

(10) Contracts and subcontracts with educational institutions other than those to be performed by Federally Funded Research and Development Centers (FFRDC's) operated by such institutions.

(11) Contracts awarded to labor surplus area concerns pursuant to a labor surplus area set-aside (see Part 20).

(12) Contracts and subcontracts awarded to a United Kingdom contractor for performance substantially in the United Kingdom, provided that the contractor has filed with the United Kingdom Ministry of Defense, for retention by the Ministry, a completed Disclosure Statement (Form No. CASB–DS–1) which shall adequately describe its cost accounting practices. Whenever that contractor is already required to follow U.K. Government Accounting Conventions, the disclosed practices shall be in accord with the requirements of those conventions. (See 30.201–4(d).

(13) Subcontracts under the NATO PHM Ship program to be performed outside the United States by a foreign concern.

(14) Contracts and subcontracts to be executed and performed entirely outside the United States, its territories, and possessions.

(15) Firm-fixed-price contracts and subcontracts awarded without submission of any cost data; (*provided*, that the failure to submit such data is not attributable to a waiver of the requirement for certified cost or pricing data.

30.201–2 Types of CAS coverage.

(a) *Full coverage.* Full coverage requires that the business unit comply with all of the CAS in effect on the date of the contract award and with any CAS that become applicable because of later award of a national defense CAS-covered contract. However, the award of a new nondefense CAS-covered contract shall not trigger application of new CAS having effective dates later than the award date of the last national defense CAS-covered contract. Full coverage applies to contractor business units that—

(1) Receive a single national defense CAS-covered contract award of $10 million or more;

(2) Received $10 million or more in national defense CAS-covered contract awards during its preceding cost accounting period; or

(3) Received less than $10 million in national defense CAS-covered contract awards during its preceding cost accounting period but such awards were 10 percent or more of total sales.

(b) *Modified coverage.* (1) Modified CAS coverage requires only that the contractor comply with Standard 401, Consistency in Estimating, Accumulating, and Reporting Costs, and Standard 402, Consistency in Allocating costs Incurred for the Same Purpose. Modified, rather than full, CAS coverage

may be applied to a covered contract of less than $10 million awarded to a business unit that received less than $10 million in national defense CAS-covered contracts in the immediately preceding cost accounting period if the sum of such awards was less than 10 percent of the business unit's total sales during that period. For the purpose of determining whether the sum of covered contract awards equals 10 percent of the business unit's total sales, an order received by the one segment from another segment shall be treated in the same way that a subcontract award to the receiving segment would be treated. In measuring sales for a year, a transfer by one segment to another shall be deemed to be a sale by the transferor.

(2) If any one contract is awarded with modified CAS coverage, all CAS-covered contracts awarded to that business unit during that cost accounting period must also have modified coverage with the following exception: if the business unit receives a single national defense contract award of $10 million or more, that contract must be subject to full CAS coverage. Thereafter, any covered contract awarded in the same cost accounting period must also be subject to full CAS coverage.

(3) A contract awarded with modified CAS coverage shall remain subject to such coverage throughout its life regardless of changes in the business unit's CAS status during subsequent cost accounting periods.

(c) *Nondefense contracts.* Nondefense contracts subject to CAS shall have the same type of CAS coverage as the most recently awarded national defense contract currently being performed by the same business unit.

(d) *Subcontracts.* Subcontract awards subject to CAS require the same type of CAS coverage as would prime contracts awarded to the same business unit.

(e) *Foreign concerns.* Contracts with foreign concerns subject to CAS shall only be subject to modified coverage.

30.201-3 Solicitation provisions.

(a) *Cost Accounting Standards Notices and Certification (National Defense).* The contracting officer shall insert the provision at 52.230-1, Cost Accounting Standards Notices and Certification (National Defense), in solicitations for proposed national defense contracts subject to CAS as specified in 30.201. The provision allows offerors to—

(1) Certify their Disclosure Statement status.;

(2) Claim exemption from CAS if they are not currently performing any CAS-covered contracts and the proposal will result in an award of $500,000 or less;

(3) Claim exemption from full CAS coverage and elect modified CAS coverage when appropriate; and

(4) Certify whether award of the contemplated contract would require a change to existing cost accounting practices.

(b) *Cost Accounting Standards Notices and Certification (Nondefense).* The contracting officer shall insert the provision at 52.230-2, Cost Accounting Standards Notices and Certification (Nondefense), in solicitations for proposed nondefense contracts that do not meet the criteria for CAS exemption in 30.201-1. The provision allows offerors to claim exemption from CAS if they are not currently performing any CAS-covered national defense contracts or to certify what type of CAS coverage applies to them.

30.201-4 Contract clauses.

(a) *Cost Accounting Standards.* (1) The contracting officer shall insert the clause at 52.230-3, Cost Accounting Standards, in negotiated contracts, unless the contract is exempted (see 30.201-1) the contract is subject to modified coverage (see 30.201-2), or the clause prescribed in paragraph (d) of this subsection is used.

(2) The clause at 52.230-3 requires the contractor to disclose actual cost accounting practice (applicable to national defense contracts only) and to follow these practices consistently.

(b) *Administration of Cost Accounting Standards.* (1) The contracting officer shall insert the clause at 52.230-4, Administration of Cost Accounting Standards, in contracts containing either the clause prescribed in paragraph (a) of this subsection, or the clause prescribed in paragraph (c) of this subsection.

(2) The clause at 52.230-3, Cost Accounting Standards, specifies rules for administering CAS requirements and procedures to be followed in cases of failure to comply.

(c) *Disclosure and Consistency of Cost Accounting Practices.* (1) The contracting officer shall insert the clause 52.230-5, Disclosure and Consistency of Cost Accounting Practices, in negotiated contract when the contract amount is over $100,000, but less that $10 million, and the offeror certifies it is eligible for and elects to use modified CAS coverage (see 30.201-2, unless the clause prescribed in paragraph (d) of this subsection is used).

(2) The clause at 52.230-5 requires the contractor to comply with CAS 401 and 402, to disclose (if it meets certain requirements) actual cost accounting practices, and to follow consistently disclosed and established cost accounting practices.

(d) *Consistency in Cost Accounting Practices.* The contracting officer shall insert the clause 52.230-6, Consistency in Cost Accounting Practices, in negotiated defense contracts that are exempt from CAS requirements solely on the basis of the fact that the contract is to be awarded to a United Kingdom contractor and is to be performed substantially in the United Kingdom (see 30.201-1(b) (12)).

30.201-5 Waiver.

(a) In some instances, contractors or subcontractors may refuse to accept all or part of the requirements of the CAS clauses (52.230-3, Cost Accounting Standards and 52.230-5, Disclosure and Consistency of Cost Accounting Practices). If the contracting officer determine that it is impractical to obtain the materials supplies, or services from any other source, the contracting officer shall prepare a request for waiver describing the proposed contract or subcontract and containing—

(1) An unequivocal statement that the proposed contractor or subcontractor refuses to accept a contract containing all or a specified part of a CAS clause and the specific reason for that refusal;

(2) A statement as to whether the proposed contractor or subcontractor has accepted any prime contract or subcontract containing a CAS clause;

(3) The amount of the proposed award and the sum of all awards by the agency requesting the waiver to the proposed contractor or subcontractor in each of the preceding 3 years;

(4) A statement that no other source is available to satisfy the agency's needs on a timely basis;

(5) A statement of alternative methods considered for fulfilling the need and the agency's reasons for rejecting them;

(6) A statement of steps being taken by the agency to establish other sources of supply for future contracts for the products or services for which a waiver is being requested; and

(7) Any other information that may be useful in evaluating the requests.

(b) (1) For national defense contracts of the DOD, waivers shall be controlled and approved by the Deputy Assistant Secretary of Defense (Procurement) and shall be processed for review by the Defense Acquisition Regulatory (DAR) Council in accordance with agency procedures.

(2) For national defense contracts of National Aeronautics and Space Administration (NASA), waivers shall be controlled and approved by the Assistant Administrator for

Procurement after consultation with the Deputy Assistant Secretary of Defense (Procurement). Requests for waiver shall be processed in accordance with agency regulations.

(c) For nondefense contracts, and defense contracts of agencies other than DOD or NASA, the agency head or designee may waive CAS requirements. Agencies shall ensure consistent treatment of—

(1) Waivers within the agency; and

(2) Contractors performing under both defense and nondefense contracts.

(d) For purchases of substantially the same product from the same contractor for which a waiver was previously granted, approval authority is redelegated in the Department of Defense to the Secretaries of the Military Departments and the Director, Defense Logistics Agency.

30.202 Disclosure requirements.

30.202-1 General requirements.

(a) A Disclosure Statement is a written description of a contractor's cost accounting practices and procedures. The submission of a new or revised Disclosure Statement is not required for any nondefense contract or from any small business concern. However, if a Disclosure Statement has been submitted in connection with a CAS-covered defense contract, the contractor must also comply with such disclosed practices under nondefense CAS-covered contracts (see subparagraph (a)(1) of the clause at 52.230-3, Cost Accounting Standards).

(b) Completed Disclosure Statements are required in the following circumstances:

(1) Any business unit that is selected to receive a CAS-covered negotiated national defense contract or subcontract of $10 million or more shall submit a Disclosure Statement before award.

(2) Any company which, together with its segments, received net awards of negotiated national defense prime contracts and subcontracts subject to CAS totaling more than $10 million in its most recent cost accounting period must submit a Disclosure Statement before award of its first CAS-covered contract in the immediately following cost accounting period. However, if the first CAS-covered contract is received within 90 days of the start of the cost accounting period, the contractor is not required to file until the end of 90 days.

(c) When a Disclosure Statement is required, a separate Disclosure Statement must be submitted for each segment whose costs included in the total price of any CAS-covered contract or subcontract exceed $100,000, unless the contract or subcontract is of the type or value exempted by 30.201-1. If the cost accounting practices are identical for more than one segment, then only one Disclosure Statement, clearly identifying each such segment, need be submitted. A Disclosure Statement will also be required for each corporate or group office whose costs of any amount are allocated to one or more segments performing CAS-covered contracts.

(d) Each corporate or other home office that allocates costs to one or more disclosing segments performing CAS-covered contracts must submit a Part VIII of the Disclosure Statement.

(e) Foreign contractors and subcontractors who are required to submit a Disclosure Statement may, in lieu of filing a Form No. CASB-DS-1, make disclosure by using a disclosure form prescribed by an agency of its Government, provided that the official designated to approve waivers in 30.201-5 determines that the information disclosed by that means will satisfy requirements of Subpart 30.2. The use of alternative forms has been approved for the contractors of the following countries:

(1) Canada.

(2) Federal Republic of Germany.

30.202-2 Impracticality of submission.

The agency head may determine that it is impractical to secure the Disclosure Statement, although submission is required, and authorize contract award without obtaining the Statement. This authority may not be delegated.

30.202-3 Amendment and revisions.

(a) Contractors and subcontractors are responsible for maintaining accurate Disclosure Statements and complying with disclosed practices. Amendments and revisions to Disclosure Statements may be submitted at any time and may be proposed by either the contractor or the Government. Resubmission of complete, updated, Disclosure Statements is discouraged except when extensive changes require it to assist the review process.

(b) Should the obligation to maintain the Disclosure Statement cease because the contractor no longer meets the financial thresholds, the contractor shall still be required to follow the disclosed practices for those contracts awarded during a period in which the contractor was obligated to submit a Disclosure Statement.

30.202-4 Privileged and confidential information.

If the offeror or contractor notifies the contracting officer that the Disclosure Statement contains trade secrets and commercial or financial information, which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside the Government.

30.202-5 Filing Disclosure Statements.

(a) Disclosure must be on Form Number CASB-DS-1. Forms may be obtained from the cognizant administrative contracting officer (ACO).

(b) Offerors are required to file Disclosure Statements as follows:

(1) Original and one copy with the cognizant ACO; and

(2) One copy with the cognizant contract auditor.

(c) Amendments and revisions shall be submitted to the currently cognizant ACO and auditor.

30.202-6 Responsibilities.

(a) The contracting officer is responsible for determining when a proposed contract may require CAS coverage and for including the appropriate notice in the solicitation. The contracting officer must then ensure that the offeror has made the required solicitation certifications and that required Disclosure Statements are submitted.

(b) The contracting officer shall not award a CAS-covered contract until the ACO has made a written determination that a required Disclosure Statement is adequate unless, in order to protect the Government's interest, the contracting officer waives the requirement for an adequacy determination before award. In this event, a determination of adequacy shall be required as soon as possible after the award.

(c) The cognizant auditor is responsible for conducting reviews of Disclosure Statements for adequacy and compliance.

(d) The cognizant ACO is responsible for determinations of adequacy and compliance of the Disclosure Statement.

30.202-7 Determinations.

(a) *Adequacy determination.* The contract auditor shall conduct an initial review of a Disclosure Statement to ascertain whether it is current, accurate, and complete and shall report the results to the cognizant ACO, who shall determine whether or not it adequately describes the offeror's cost accounting practices. If the ACO identifies any areas of inadequacy, the ACO shall request a revised Disclosure Statement. If the Disclosure Statement is adequate, the ACO shall notify the offeror in writing, with copies to the auditor and contracting officer. The notice of

adequacy shall state that a disclosed practice shall not, by virtue of such disclosure, be considered an approved practice for pricing proposals or accumulating and reporting contract performance cost data. Generally, the ACO shall furnish the contractor notification of adequacy or inadequacy within 30 days after the Disclosure Statement has been received by the ACO.

(b) *Compliance determination.* After the notification of adequacy, the auditor shall conduct a detailed compliance review to determine whether or not the disclosed practices comply with Part 31 and the CAS and shall advise the ACO of the results. The ACO shall take action regarding noncompliance with CAS under FAR 30.602–2. The ACO may require a revised Disclosure Statement and adjustment of the prime contract price or cost allowance. Noncompliance with Part 31 shall be processed separately, in accordance with normal administrative practices.

30.202–8 Subcontractor Disclosure Statements.

(a) The contractor or higher tier subcontractor is responsible for administering the CAS requirements contained in subcontracts.

(b) If the subcontractor has previously furnished a Disclosure Statement to an ACO, the subcontractor may satisfy the submission requirement by identifying to the contractor or higher tier subcontractor the ACO to whom it was submitted.

(c)(1) If the subcontractor considers the Disclosure Statement (or other similar information) privileged or confidential, the subcontractor may submit it directly to the ACO and auditor cognizant of the subcontractor, notifying the contractor or higher tier subcontractor. A preaward determination of adequacy is not required in such cases. Instead, the ACO cognizant of the subcontractor shall (i) notify the auditor that the adequacy review will be performed during the postaward compliance review and, upon completion, (ii) notify the subcontractor, the contractor or higher tier subcontractor, and the cognizant ACO's of the findings.

(2) Even though a Disclosure Statement is not required, a subcontractor may (i) claim that CAS-related reviews by contractors or higher tier subcontractors would reveal proprietary data or jeopardize the subcontractor's competitive position and (ii) request that the Government perform the required reviews.

(d) When the Government requires determinations of adequacy or inadequacy, the ACO cognizant of the subcontractor shall make such recommendation to the ACO cognizant of the prime contractor or next higher tier subcontractor. ACO's cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor.

(e) Postaward submission of the subcontractor's Disclosure Statement must be approved by the ACO having cognizance of the prime contractor. Before authorizing postaward submission, the ACO shall coordinate with the ACO cognizant of the subcontractor to ensure that this action will not have an adverse impact on other contracts and subcontracts subject to the CAS requirements, and with the contracting officer to obtain the information needed to make the required written determination.

(f) Any determination that it is impractical to secure a subcontractor's Disclosure Statement must be made in accordance with 30.202–2.

Subpart 30.3—CAS Rules and Regulations

30.301 Definitions.

The definitions set forth in section 31.001 also apply to this part.

"Actual cost," as used in this part, means an amount determined on the basis of cost incurred as distinguished from forecasted cost. Actual cost includes standard cost properly adjusted for applicable variance.

"Asset accountability unit," as used in this part, means a tangible capital asset which is a component of plant and equipment that is captialized when acquired or whose replacement is capitalized when the unit is removed, transferred, sold, abandoned, demolished, or otherwise disposed of.

"Assignment of cost to cost accounting periods." (See 30.302–1(b).)

"Bid and proposal (B&P) cost," as used in this part, means the cost incurred in preparing, submitting, or supporting any bid or proposal which effort is neither sponsored by a grant, nor required in the performance of a contract.

"CAS-covered contract," as used in this part, means any negotiated contract or subcontract in which a CAS clause is required to be included.

"Category of material," as used in this part, means a particular kind of goods, comprised of identical or interchangeable units, acquired or produced by a contractor, which are intended to be sold, or consumed or used in the performance of either direct or indirect functions.

"Change to a cost accounting practice." (See 30.302–2.)

"Cost accounting practice." (See 30.302–1.)

"Cost objective," as used in this part, means a function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.

"Currently performing," as used in this part, means that a contractor has been awarded a contract, but has not yet received notification of final acceptance of all supplies, services, and data deliverable under the contract (including options).

"Defense contractor," as used in this part, means any person who enters into a contract with the United States for the production of material or the performance of services for the national defense.

"Defense subcontractor," as used in this part, means any person other than the United States who contracts, at any tier, to perform any part of a defense contractor's contract.

"Direct cost," as used in this part, means any cost which is identified specifically with a particular final cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with a contract are direct costs of that contract. All costs identified specifically with other final cost objectives of the contractor are direct costs of those cost objectives.

"Disclosure statement," as used in this part, means the Disclosure Statement required by 30.202–1.

"Entitlement," as used in this part, means an employee's right whether conditional or unconditional to receive a determinable amount of compensated personnel absence, or pay in lieu thereof.

"Established catalog or market price of commercial items sold in substantial quantities to the general public" is as defined in 15.804–3(c).

"Funded pension cost," as used in this part, means the portion of pension costs for a current or prior cost accounting period that has been paid to a funding agency or, under a pay-as-you-go plan to plan participants or beneficiaries.

"Funding agency," as used in this part, means an organization or individual which provides facilities to receive and accumulate assets to be used either for the payment of benefits under a pension plan, or for the purchase of such benefits.

"Indirect cost," as used in this part, means any cost not directly identified

with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.

"Indirect cost pool," as used in this part, means a grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective.

"Material inventory record," as used in this part, means any record used for the accumulation of actual or standard costs of a category of material recorded as an asset for subsequent cost allocation to one or more cost objectives.

"Measurement of cost." (See 30.302–1(a).)

"Multiemployer pension plan," as used in this part, means a plan to which more than one employer contributes and which is maintained pursuant to one or more collective bargaining agreements between an employee organization and more than one employer.

"Negotiated subcontract," as used in this part, means any subcontract except a firm fixed-priced subcontract made by a contractor or subcontractor after receiving offers from at least two persons not associated with each other or with such contractor or subcontractor, providing (a) the solicitation to all competitors is identical, (b) price is the only consideration in selecting the subcontractor from among the competitors solicited, and (c) the lowest offer received in compliance with the solicitation from among those solicited is accepted.

"Net awards," as used in this part, means the total obligated value of negotiated national defense prime contract and subcontract awards received during the reporting period minus cancellations, terminations, and other related credit transactions.

"Operating revenue," as used in this part, means amounts accrued or charged to customers, clients, and tenants, for the sale of products manufactured or purchased for resale, for services, and for rental of property held primarily for leasing to others. It includes both reimbursable costs and fees under cost-type contracts and percentage-of-completion sales accruals, except it includes only the fee for management contracts under which the contractor acts essentially as an agent of the Government in the erection or operation of Government-owned facilities. It excludes incidental interest, dividends, royalty, and rental income and proceeds from the sale of assets used in the business.

"Production unit," as used in this part, means a grouping of activities which either uses homogeneous inputs of direct material and direct labor or yields homogeneous outputs such that costs or statistics related to these homogeneous inputs or outputs are appropriate as bases for allocating variances.

"Repairs and maintenance," as used in this part, means the total endeavor to obtain the expected service during the life of tangible capital assets. Maintenance is the regularly recurring activity of keeping assets in normal or expected operating condition. Repair is the activity of putting them back into normal or expected operating condition.

"Reporting costs," as used in this part, is the provision of cost information to others. The reporting of costs involves selecting relevant cost data and presenting it in an intelligible manner for use by the receipient.

"Small business," as used in this part, means any concern, firm, person, corporation, partnership, cooperative, or other business enterprise which, under 15 U.S.C. 637(b)(6) and the rules and regulations of the Small Business Administration in Part 121 of Title 13 of the Code of Federal Regulations, is determined to be a small business concern for the purpose of Government contracting.

30.302 Definitions, explanations, and illustrations of the terms, "cost accounting practice" and "change to a cost accounting practice."

30.302–1 Cost accounting practice.

"Cost accounting practice," as used in this part, means any disclosed or established accounting method or technique which is used for allocation of cost to cost objectives, assignment of cost to cost accounting periods, or measurement of cost.

(a) "Allocation of cost to cost objectives," as used in this part, includes both direct and indirect allocation of cost. Examples of cost accounting practices involving allocation of cost to cost objectives are the accounting methods or techniques used to accumulate cost, to determine whether a cost is to be directly or indirectly allocated to determine the composition of cost pools, and to determine the selection and composition of the appropriate allocation base.

(b) "Assignment of cost to cost accounting periods," as used in this part, refers to a method or technique used in determining the amount of cost to be assigned to individual cost accounting periods. Examples of cost accounting practices which involve the assignment of cost to cost accounting periods are requirements for the use of specified accrual basis accounting or cash basis accounting for a cost element.

(c) "Measurement of cost," as used in this part, encompasses accounting methods and techniques used in defining the components of cost, determining the basis for cost measurement, and establishing criteria for use of alternative cost measurement techniques. The determination of the amount paid or a change in the amount paid for a unit of goods and services is not a cost accounting practice. Examples of cost accounting practices which involve measurement of costs are—

(1) The use of either historical cost, market value, or present value;

(2) The use of standard cost or actual cost; or

(3) The designation of those items of cost which must be included or excluded from tangible capital assets or pension cost.

30.302–2 Change to a cost accounting practice.

"Change to a cost accounting practice," as used in this part, means any alteration in a cost accounting practice, as defined in 30.302–1, whether or not such practices are covered by a Disclosure Statement, except for the following:

(a) The initial adoption of a cost accounting practice for the first time a cost is incurred, or a function is created, is not a change in cost accounting practice. The partial or total elimination of a cost or the cost of a function is not a change in cost accounting practice. As used here, function is an activity or group of activities that is identifiable in scope and has a purpose or end to be accomplished.

(b) The revision of a cost accounting practice for a cost which previously had been immaterial is not a change in cost accounting practice.

30.302–3 Illustrations of changes which meet the definition of "change to a cost accounting practice."

(a) The method or technique used for measuring costs has been changed.

Description	Accounting treatment
(1) Contractor changes its actuarial cost method for computing pension costs.	(1)(i) *Before change*: The contractor computed pension costs using the aggregate cost method. (ii) *After change*: The contractor computes pension cost using the unit credit method.
(2) Contractor uses standard costs to account for its direct labor. Labor cost at standard was computed by multiplying labor-time standard by actual labor rates. The contractor changes the computation by multiplying labor-time standard by labor-rate standard.	(2)(i) *Before change*: Contractor's direct labor cost was measured with only one component set at standard. (ii) *After change*: Contractor's direct labor cost is measured with both the time and rate components set at standard.

(b) The method or technique used for assignment of cost to cost accounting periods has been changed.

Description	Accounting treatment
(1) Contractor changes his established criteria for capitalizing certain classes of tangible capital assets whose acquisition costs totaled $1 million per cost accounting period.	(1)(i) *Before change*: Items having acquisition costs of between $200 and $400 per unit were capitalized and depreciated over a number of cost accounting periods. (ii) *After change*: The contractor charges the value of assets costing between $200 and $400 per unit to an indirect expense pool which is allocated to the cost objectives of the cost accounting period in which the cost was incurred.
(2) Contractor changes his methods for computing depreciation for a class of assets.	(2)(i) *Before change*: The contractor assigned depreciation costs to cost accounting periods using an accelerated method. (ii) *After change*: The contractor assigns depreciation costs to cost accounting periods using the straight line method.
(3) Contractor changes his general method of determining asset lives for classes of assets acquired prior to the effective date of CAS 409.	(3)(i) *Before change*: The contractor identified the cost accounting periods to which the cost of tangible capital assets would be assigned using guideline class lives provided in IRS Rev. Proc. 72-10. (ii) *After change*: The contractor changes the method by which he identifies the cost accounting periods to which the costs of tangible capital assets will be assigned. He now uses the expected actual lives based on past usage.

(c) The method or technique used for allocating costs has been changed.

Description	Accounting treatment
(1) Contractor changes his method of allocating G&A expenses under the requirements of Cost Accounting Standard 410.	(1) (i) *Before change:* The contractor operating under Cost Accounting Standard 410 has been allocating his general and administrative expense pool to final cost objectives on a total cost input base in compliance with the Standard. The contractor's business changes substantially such that there are significant new projects which have only insignificant quantities of material. (ii) *After change:* After the addition of the new work, an evaluation of the changed circumstances reveals that the continued use of a total cost input base would result in a significant distortion in the allocation of the G&A expense pool in relation to the benefits received. To remain in compliance with Standard 410, the contractor alters his G&A allocation base from a total cost input base to a value added base.
(2) The contractor changes the accounting for hardware common to all projects.	(2) (i) *Before change:* The contractor allocated the cost of purchased or requisitioned hardware directly to projects. (ii) *After change:* The contractor charges the cost of purchased or requisitioned hardware to an indirect expense pool which is allocated to projects using an appropriate allocation base.

Description	Accounting treatment
(3) The contractor merges operating segments A and B which use different cost accounting practices in accounting for manufacturing overhead costs.	(3) (i) *Before change:* In segment A, the costs of the manufacturing overhead pool have been allocated to final cost objectives using a direct labor hours base; in segment B, the costs of the manufacturing overhead pool have been allocated to final cost objectives using a direct labor dollars base. (ii) *After change:* As a result of the merger of operations, the combined segment decides to allocate the cost of the manufacturing overhead pool to all final cost objectives, using a direct labor dollars base. Thus, for those final cost objectives referred to in segment A, the cost of the manufacturing overhead pool will be allocated to the final cost objectives of segment A using a direct labor dollars base instead of a direct labor hours base.

30.302-4 Illustrations of changes which do not meet the definition of "Change to a cost accounting practice."

Description	Accounting treatment.
(a) Changes in the interest rate levels in the national economy have invalidated the prior actuarial assumption with respect to anticipated investment earnings. The pension plan administrators adopted an increased (decreased) interest rate actuarial assumption. The company allocated the resulting pension costs to all final cost objectives.	(a) Adopting the increase (decrease) in the interest rate actuarial assumption is not a change in cost accounting practice.
(b) The basic benefit amount for a company's pension plan is increased from $8 to $10 per year of credited service. The change increases the dollar amount of pension cost allocated to all final cost objectives.	(b) The increase in the amount of the benefits is not a change in cost accounting practice.
(c) A contractor who has never paid pensions establishes for the first time a pension plan. Pension costs for the first year amounted to $3.5 million.	(c) The initial adoption of an accounting practice for the first time incurrence of a cost is not a change in cost accounting practice.
(d) A contractor maintained a Deferred Incentive Compensation Plan. After several year's experience, the plan was determined not to be attaining its objective, so it was terminated, and no future entitlements were paid.	(d) There was a termination of the Deferred Incentive Compensation Plan. Elimination of a cost is not a change in cost accounting practice.
(e) A contractor eliminates a segment that was operated for the purpose of doing research for development of products related to nuclear energy.	(e) The projects and expenses related to nuclear energy projects have been terminated. No transfer of these projects and no further work in this area is planned. This is an elimination of cost and not a change in cost accounting practice.
(f) For a particular class of assets for which technological changes have rarely affected asset lives, a contractor starts with a 5-year average of historical lives to estimate future lives. He then considers technological changes and likely use. For the past several years the process resulted in an estimated future life of 10 years for this class of assets. This year, a technological change leads to a prediction of a useful life of 7 years for the assets acquired this year for the class of assets.	(f) The change in estimate (not in method) is not a change in cost accounting practice. The contractor has not changed the method or technique used to determine the estimate. The methodology applied has indicated a change in the estimated life, and this is not a change in cost accounting practice.
(g) The marketing department of a segment has reported directly to the general manager of the segment. The costs of the marketing department have been combined as part of the segment's G&A expense pool. The company reorganizes and requires the marketing department to report directly to a vice president at corporate headquarters.	(g) After the organization change in the company's reporting structure, the parties agree that the appropriate recognition of the beneficial or causal relationship between the costs of the marketing department and the segment is to continue to combine these costs as part of the segment's G&A expense pool. Thus, the organizational change has not resulted in a change in cost accounting practice.

30.303 Effect of filing Disclosure Statement.

(a) A disclosure of a cost accounting practice by a contractor does not determine the allowability of particular items of cost. Irrespective of the practices disclosed by a contractor, the question of whether or not, or the extent to which, a specific element of cost is allowed under a contract remains for consideration in each specific instance. Contractors are cautioned that the determination of the allowability of cost items will remain a responsibility of the contracting officers pursuant to the provisions of the applicable procurement regulations.

(b) The individual Disclosure Statement may be used in audits of contracts or in negotiation of prices leading to contracts. The authority of the audit agencies and the contracting officers is in no way abrogated by the material presented by the contractor in his Disclosure Statement. Contractors are cautioned that their disclosures must be complete and accurate; the practices disclosed may have a significant impact on ways in which contractors will be required to comply with Cost Accounting Standards.

30.304 Concurrent full and modified coverage.

Contracts subject to full coverage may be performed during a period in which a previously awarded contract subject to modified coverage is being performed. Compliance with full coverage may compel the use of cost accounting practices that are not required under modified coverage. Under these circumstances the cost accounting

practices applicable to contracts subject to modified coverage need not be changed. Any resulting differences in practices between contracts subject to full coverage and those subject to modified coverage shall not constitute a violation of CAS 30.401 and CAS 30.402. This principle also applies to contracts subject to modified coverage being performed during a period in which a previously awarded contract subject to full coverage is being performed.

30.305 Materiality.

In determining whether amounts of cost are material or immaterial, the following criteria shall be considered where appropriate; no one criterion is necessarily determinative:

(a) *The absolute dollar amount involved.* The larger the dollar amount, the more likely that it will be material.

(b) *The amount of contract cost compared with the amount under consideration.* The larger the proportion of the amount under consideration to contract cost, the more likely it is to be material.

(c) *The relationship between a cost item and a cost objective.* Direct cost items, especially if the amounts are themselves part of a base for allocation of indirect costs, will normally have more impact than the same amount of indirect costs.

(d) *The impact on Government funding.* Changes in accounting treatment will have more impact if they influence the distribution of costs between Government and non-Government cost objectives than if all cost objectives have Government financial support.

(e) *The cumulative impact of individually immaterial items.* It is appropriate to consider whether such impacts (1) tend to offset one another, or (2) tend to be in the same direction and hence to accumulate into a material amount.

(f) *The cost of administrative processing of the price adjustment modification shall be considered.* If the cost to process exceeds the amount to be recovered, it is less likely the amount will be material.

30.306 Interpretations.

In determining amounts of increased costs in the clauses at 52.230–3, Cost Accounting Standards, and 52.230–5, Disclosure and Consistency of Cost Accounting Practices, the following considerations apply:

(a) Increased costs shall be deemed to have resulted whenever the cost paid by the Government results from a change in a contractor's cost accounting practices or from failure to comply with applicable Cost Accounting Standards, and such cost is higher than it would have been had the practices not been changed or applicable Cost Accounting Standards complied with.

(b) If the contractor under any fixed-price contract, including a firm fixed-price contract, fails during contract performance to follow its cost accounting practices or to comply with applicable Cost Accounting Standards, increased costs are measured by the difference between the contract price agreed to and the contract price that would have been agreed to had the contractor proposed in accordance with the cost accounting practices used during contract performance. The determination of the contract price that would have been agreed to will be left to the contracting parties and will depend on the circumstances of each case.

(c) The Government policy underlying this interpretation is that the United States not pay increased costs, including a profit enlarged beyond that in the contemplation of the parties to the contract when the contract costs, price, or profit is negotiated, by reason of a contractor's failure to use applicable Cost Accounting Standards, or to follow consistently its cost accounting practices. In making price adjustments under the Cost Accounting Standard clause at 52.230–3 in fixed price or cost reimbursement incentive contracts, or contracts providing for prospective or retroactive price redetermination, the Federal agency shall apply this requirement appropriately in the circumstances.

(d) The contractor and the contracting officer may enter into an agreement as contemplated by subdivision (a)(4)(ii) of the Cost Accounting Standards clause at 52.230–3, covering a change in practice proposed by the Government or the contractor for all of the contractor's contracts for which the contracting officer is responsible, provided that the agreement does not permit any increase in the cost paid by the Government. Such agreement may be made final and binding, notwithstanding the fact that experience may subsequently establish that the actual impact of the change differed from that agreed to.

(e) An adjustment to the contract price or of cost allowances pursuant to the Cost Accounting Standards clause at 52.230–3 may not be required when a change in cost accounting practices or a failure to follow Standards or cost accounting practices is estimated to result in increased costs being paid under a particular contract by the United States. This circumstance may arise when a contractor is performing two or more covered contracts, and the change or failure affects all such contracts. The change or failure may increase the cost paid under one or more of the contracts, while decreasing the cost paid under one or more of the contracts. In such case, the Government will not require price adjustment for any increased costs paid by the United States, so long as the cost decreases under one or more contracts are at least equal to the increased cost under the other affected contracts, provided that the contractor and the affected contracting officers agree on the method by which the price adjustments are to be made for all affected contracts. In this situation, the contracting agencies would, of course, require an adjustment of the contract price or cost allowances, as appropriate, to the extent that the increases under certain contracts were not offset by the decreases under the remaining contracts.

30.307 Cost Accounting Standards Preambles.

Following Part 30, an Appendix containing the nonregulatory preambles to the Cost Accounting Standards and preambles to related Rules and Regulations is provided in the looseleaf edition only. The preambles are not regulatory, but are intended to explain why the Standards and related Rules and Regulations were written, and to provide rationale for positions taken relative to issues raised in the public comments. The preambles are printed in chronological order to provide an administrative history. As revisions are made to Part 30, preambles will be published under the FAR system. Part I, Preambles to the Cost Accounting Standards, and Part II, Preambles to the Related Rules and Regulations published by the Cost Accounting Standards Board, were originally published in Title 4 of the Code of Federal Regulations. Part III is reserved for preambles to be published under the FAR System.

Subpart 30.4—Cost Accounting Standards

30.400 General.

This subpart contains the Cost Accounting Standards (CAS). The requirements for use of these Standards are contained in Subpart 30.2. Normal FAR paragraph numbering conventions are modified in Subpart 30.4 to maintain the original CAS numbering and referencing scheme. For example, CAS 401 now reads 30.401.

30.401 Cost accounting standard—consistency in estimating, accumulating and reporting costs.

30.401-10 [Reserved]

30.401-20 Purpose.

The purpose of this Cost Accounting Standard is to ensure that each contractor's practices used in estimating costs for a proposal are consistent with cost accounting practices used by him in accumulating and reporting costs. Consistency in the application of cost accounting practices is necessary to enhance the likelihood that comparable transactions are treated alike. With respect to individual contracts, the consistent application of cost accounting practices will facilitate the preparation of reliable cost estimates used in pricing a proposal and their comparison with the costs of performance of the resulting contract. Such comparisons provide one important basis for financial control over costs during contract performance and aid in establishing accountability for costs in the manner agreed to by both parties at the time of contracting. The comparisons also provide an improved basis for evaluating estimating capabilities.

30.401-30 [Reserved]

30.401-40 Fundamental requirement.

(a) A contractor's practices used in estimating costs in pricing a proposal shall be consistent with his cost accounting practices used in accumulating and reporting costs.

(b) A contractor's cost accounting practices used in accumulating and reporting actual costs for a contract shall be consistent with his practices used in estimating costs in pricing the related proposal.

(c) The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices under paragraphs (a) and (b) of this section when such costs are accumulated and reported in greater detail on an actual cost basis during contract performance.

30.401-50 Techniques for application.

(a) The standard allows grouping of homogeneous costs in order to cover those cases where it is not practicable to estimate contract costs by individual cost element or function. However, costs estimated for proposal purposes shall be presented in such a manner and in such detail that any significant cost can be compared with the actual cost accumulated and reported therefor. In any event the cost accounting practices used in estimating costs in pricing a proposal and in accumulating and reporting costs on the resulting contract shall be consistent with respect to:

(1) The classification of elements or functions of cost as direct or indirect; (2) the indirect cost pools to which each element or function of cost is charged or proposed to be charged; and (3) the methods of allocating indirect costs to the contract.

(b) Adherence to the requirement of 30.401–40(a) of this standard shall be determined as of the date of award of the contract, unless the contractor has submitted cost or pricing data pursuant to Pub. L. 87–653, in which case adherence to the requirement of 30.401–40(a) shall be determined as of the date of final agreement on price, as shown on the signed certificate of current cost or pricing data. Notwithstanding 30.401–40(b), changes in established cost accounting practices during contract performance may be made in accordance with FAR Part 30.

30.401-60 Illustrations.

(a) The following examples are illustrative of applications of cost accounting practices which are deemed to be consistent.

Practices used in estimating costs for proposals	Practices used in accumulating and reporting costs of contract performance
1. Contractor estimates an average direct labor rate for manufacturing direct labor by labor category or function.	1. Contractor records manufacturing direct labor based on actual cost for each individual and collects such costs by labor categorv or function
2. Contractor estimates an average cost for minor standard hardware items, including nuts, bolts, washers, etc.	2. Contractor records actual cost for minor standard hardware items based upon invoices or material transfer slips.
3. Contractor uses an estimated rate for manufacturing overhead to be applied to an estimated direct labor base. He identifies the items included in his estimate of manufacturing overhead and provides supporting data for the estimated direct labor base.	3. Contractor accounts for manufacturing overhead by individual items of cost which are accumulated in a cost pool allocated to final cost objectives on a direct labor base.

(b) The following examples are illustrative of application of cost accounting practices which are deemed not to be consistent.

Practices used for estimating costs for proposals	Practices used in accumulating and reporting costs of contract performance
4. Contractor estimates a total dollar amount for engineering labor which includes disparate and significant elements or functions of engineering labor. Contractor does not provide supporting data reconciling this amount to the estimates for the same engineering labor cost functions for which he will separately account in contract performance.	4. Contractor accounts for engineering labor by cost function, i.e., drafting, designing, production engineering, etc.
5. Contractor estimates engineering labor by cost function, i.e., drafting, production engineering, etc	5. Contractor accumulates total engineering labor in one undifferentiated account.
6. Contractor estimates a single dollar amount for machining cost to cover labor, material and overhead.	6. Contractor records separately the actual cost of machining labor and material as direct costs, and factory overhead as indirect costs.

30.401-70 Interpretation.

30.401, Cost Accounting Standard—Consistency in Estimating, Accumulating and Reporting Costs, requires in 30.401–40 that a contractor's "practices used in estimating costs in pricing a proposal shall be consistent with his cost accounting practices used in accumulating and reporting costs."

In estimating the cost of direct material requirements for a contract, it is a common practice to first estimate the cost of the actual quantities to be incorporated in end items. Provisions are then made for additional direct material costs to cover expected material losses such as those which occur, for example, when items are scrapped, fail to meet specifications, are lost, consumed in the manufacturing process, or destroyed in testing and qualification processes. The cost of some or all of such additional direct material requirements is often estimated by the application of one or more percentage factors to the total cost of basic direct material requirements or to some other base.

Questions have arisen as to whether the accumulation of direct material costs in an undifferentiated account where a contractor estimates a significant part of such costs by means of percentage factors is in compliance with 30.401. The most serious questions pertain to such percentage factors which are not supported by the contractor with accounting, statistical, or other relevant data from past experience, nor by a program to accumulate actual costs for comparison with such percentage estimates. The accumulation of direct costs in an undifferentiated account in this circumstance is a cost accounting practice which is not consistent with the practice of estimating a significant part of costs by means of percentage factors. This situation is virtually identical with that described in Illustration 30.401-60(b)(5), which deals with labor.

30.401 does not, however, prescribe the amount of detail required in accumulating and reporting costs. The amount of detail required may vary considerably depending on the percentage factors used, the data presented in justification or lack thereof, and the significance of each situation. Accordingly, it is neither appropriate nor practical to prescribe a single set of accounting practices which would be consistent in all situations with the practices of estimating direct material costs by percentage factors. Therefore, the amount of accounting and statistical detail to be required and maintained in accounting for this portion of direct material costs has been and continues to be a matter to be decided by Government procurement authorities on the basis of the individual facts and circumstances.

30.402 Cost accounting standard—consistency in allocating costs incurred for the same purpose.

30.402-10 [Reserved]

30.402-20 Purpose.

The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any contract or other cost objective. The criteria for determining the allocation of costs to a product, contract, or other cost objective should be the same for all similar objectives. Adherence to these cost accounting concepts is necessary to guard against the overcharging of some cost objectives and to prevent double counting. Double counting occurs most commonly when cost items are allocated directly to a cost objective without eliminating like cost items from indirect cost pools which are allocated to that cost objective.

30.402-30 [Reserved]

30.402-40 Fundamental requirement.

All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to final cost objectives. No final cost objective shall have allocated to it as an indirect cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective.

30.402-50 Techniques for application.

(a) The Fundamental Requirement is stated in terms of cost incurred and is equally applicable to estimates of costs to be incurred as used in contract proposals.

(b) The Disclosure Statement to be submitted by the contractor will require that he set forth his cost accounting practices with regard to the distinction between direct and indirect costs. In addition, for those types of cost which are sometimes accounted for as direct and sometimes accounted for as indirect, the contractor will set forth in his Disclosure Statement the specific criteria and circumstances for making such distinctions. In essence, the Disclosure Statement submitted by the contractor, by distinguishing between direct and indirect costs, and by describing the criteria and circumstances for allocating those items which are sometimes direct and sometimes indirect, will be determinative as to whether or not costs are incurred for the same purpose. Disclosure Statement as used herein refers to the statement required to be submitted by contractors as a condition of contracting as set forth in Subpart 30.2.

(c) In the event that a contractor has not submitted a Disclosure Statement the determination of whether specific costs are directly allocable to contracts shall be based upon the contractor's cost accounting practices used at the time of contract proposal.

(d) Whenever costs which serve the same purpose cannot equitably be indirectly allocated to one or more final cost objectives in accordance with the contractor's disclosed accounting practices, the contractor may either: (1) use a method for reassigning all such costs which would provide an equitable distribution to all final cost objectives, or (2) directly assign all such costs to final cost objectives with which they are specifically identified. In the event the contractor decides to make a change for either purpose, the Disclosure Statement shall be amended to reflect the revised accounting practices involved.

(e) Any direct cost of minor dollar amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives, provided that such treatment produces results which are substantially the same as the results which would have been obtained if such cost had been treated as a direct cost.

30.402-60 Illustrations.

(a) Illustrations of costs which are incurred for the same purpose:

(1) Contractor normally allocates all travel as an indirect cost and previously disclosed this accounting practice to the Government. For purposes of a new proposal, contractor intends to allocate the travel costs of personnel whose time is accounted for as direct labor directly to the contract. Since travel costs of personnel whose time is accounted for as direct labor working on other contracts are costs which are incurred for the same purpose, these costs may no longer be included within indirect cost pools for purposes of allocation to any covered Government contract. Contractor's Disclosure Statement must be amended for the proposed changes in accounting practices.

(2) Contractor normally allocates planning costs indirectly and allocates this cost to all contracts on the basis of direct labor. A proposal for a new contract requires a disproportionate amount of planning costs. The contractor prefers to continue to allocate planning costs indirectly. In order to equitably allocate the total planning costs, the contractor may use a method for allocating all such costs which would provide an equitable distribution to all final cost objectives. For example, he may use the number of planning documents processed rather than his former allocation base of direct labor. Contractor's Disclosure Statement must be amended for the proposed changes in accounting practices.

(b) Illustrations of costs which are not incurred for the same purpose:

(1) Contractor normally allocates special tooling costs directly to contracts. The costs of general purpose tooling are normally included in the indirect cost pool which is allocated to contracts. Both of these accounting practices were previously disclosed to the Government. Since both types of

costs involved were not incurred for the same purpose in accordance with the criteria set forth in the contractor's Disclosure Statement, the allocation of general purpose tooling costs from the indirect cost pool to the contract, in addition to the directly allocated special tooling costs, is not considered a violation of the standard.

(2) Contractor proposes to perform a contract which will require three firemen on 24-hour duty at a fixed-post to provide protection against damage to highly inflammable materials used on the contract. Contractor presently has a fire fighting force of 10 employees for general protection of the plant. Contractor's costs for these latter firemen are treated as indirect costs and allocated to all contracts; however, he wants to allocate the three fixed-post firemen directly to the particular contract requiring them and also allocate a portion of the cost of the general firefighting force to the same contract. He may do so but only on condition that his disclosed practices indicate that the costs of the separate classes of firemen serve different purposes and that it is his practice to allocate the general firefighting force indirectly and to allocate fixed-post firemen directly.

30.402-70 Interpretation.

30.402, Cost Accounting Standard—Consistency in Allocating Costs Incurred for the Same Purpose, provides, in 30.402-40, that "* * * no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective."

This interpretation deals with the way 30.402 applies to the treatment of costs incurred in preparing, submitting, and supporting proposals. In essence, it is addressed to whether or not, under the Standard, all such costs are incurred for the same purpose, in like circumstances.

Under 30.402, costs incurred in preparing, submitting, and supporting proposals pursuant to a specific requirement of an existing contract are considered to have been incurred in different circumstances from the circumstances under which costs are incurred in preparing proposals which do not result from such specific requirement. The circumstances are different because the costs of preparing proposals specifically required by the provisions of an existing contract relate only to that contract while other proposal costs relate to all work of the contractor.

This interpretation does not preclude the allocation, as indirect costs, of costs incurred in preparing all proposals. The cost accounting practices used by the contractor, however, must be followed consistently and the method used to reallocate such costs, of course, must provide an equitable distribution to all final cost objectives.

30.403 Allocation of home office expenses to segments.

30.403-10 [Reserved]

30.403-20 Purpose.

(a) The purpose of this Cost Accounting Standard is to establish criteria for allocation of the expenses of a home office to the segments of the organization based on the beneficial or causal relationship between such expenses and the receiving segments. It provides for: (1) identification of expenses for direct allocation to segments to the maximum extent practical; (2) accumulation of significant nondirectly allocated expenses into logical and relatively homogeneous pools to be allocated on bases reflecting the relationship of the expenses to the segments concerned; and (3) allocation of any remaining or residual home office expenses to all segments. Appropriate implementation of this Standard will limit the amount of home office expenses classified as residual to the expenses of managing the organization as a whole.

(b) This Standard does not cover the reallocation of a segment's share of home office expenses to contracts and other cost objectives.

30.403-30 [Reserved]

30.403-40 Fundamental requirement.

(a) (1) Home office expenses shall be allocated on the basis of the beneficial or causal relationship between supporting and receiving activities. Such expenses shall be allocated directly to segments to the maximum extent practical. Expenses not directly allocated, if significant in amount and in relation to total home office expenses, shall be grouped in logical and homogeneous expense pools and allocated pursuant to paragraph (b) of this subsection. Such allocations shall minimize to the extent practical the amount of expenses which may be categorized as residual (those of managing the organization as a whole). These residual expenses shall be allocated pursuant to paragraph (c) of this subsection.

(2) No segment shall have allocated to it as an indirect cost, either through a homogeneous expense pool, or the residual expense pool, any cost, if other costs incurred for the same purpose have been allocated directly to that or any other segment.

(b) The following subparagraphs provide criteria for allocation of groups of home office expenses.

(1) *Centralized service functions.* Expenses of centralized service functions performed by a home office for its segments shall be allocated to segments on the basis of the service furnished to or received by each segment. Centralized service functions performed by a home office for its segments are considered to consist of specific functions which, but for the existence of a home office, would be performed or acquired by some or all of the segments individually. Examples include centrally performed personnel administration and centralized data processing.

(2) *Staff management of certain specific activities of segments.* The expenses incurred by a home office for staff management or policy guidance functions which are significant in amount and in relation to total home office expenses shall be allocated to segments receiving more than a minimal benefit over a base, or bases, representative of the total specific activity being managed. Staff management or policy guidance to segments is commonly provided in the overall direction or support of the performance of discrete segment activities such as manufacturing, accounting, and engineering (but see subparagraph (b)(6) of this subsection).

(3) *Line management of particular segments or groups of segments.* The expense of line management shall be allocated only to the particular segment or group of segments which are being managed or supervised. If more than one segment is managed or supervised, the expense shall be allocated using a base or bases representative of the total activity of such segments. Line management is considered to consist of management or supervision of a segment or group of segments as a whole.

(4) *Central payments or accruals.* Central payments or accruals which are made by a home office on behalf of its segments shall be allocated directly to segments to the extent that all such payments or accruals of a given type or class can be identified specifically with individual segments. Central payments or accruals are those which but for the existence of a number of segments would be accrued or paid by the individual segments. Common examples include centrally paid or accrued pension costs, group insurance costs,

State and local income taxes and franchise taxes, and payrolls paid by a home office on behalf of its segments. Any such types of payments or accruals which cannot be identified specifically with individual segments shall be allocated to benefited segments using an allocation base representative of the factors on which the total payment is based.

(5) *Independent research and development costs and bid and proposal costs.* Independent research and development costs and bid and proposal costs of a home office shall be allocated in accordance with 30.420.

(6) *Staff management not identifiable with any certain specific activities of segments.* The expenses incurred by a home office for staff management, supervisory, or policy functions, which are not identifiable to specific activities of segments shall be allocated in accordance with paragraph (c) of this subsection as residual expenses.

(c) *Residual expenses.* (1) All home office expenses which are not allocable in accordance with paragraph (a) of this subsection and subparagraphs (b)(1) through (b)(5) of this subsection shall be deemed residual expenses. Typical residual expenses are those for the chief executive, the chief financial officer, and any staff which are not identifiable with specific activities of segments. Residual expenses shall be allocated to all segments under a home office by means of a base representative of the total activity of such segments, except where paragraph (c) (2) or (3) of this subsection applies.

(2) Residual expenses shall be allocated pursuant to 30.403–50(c)(1) if the total amount of such expenses for the contractor's previous fiscal year (excluding any unallowable costs and before eliminating any amounts to be allocated in accordance with subparagraph (c)(3) of this section) exceeds the amount obtained by applying the following percentage(s) to the aggregate operating revenue of all segments for such previous year:

3.35 percent of the first $100 million;
0.95 percent of the next $200 million;
0.30 percent of the next $2.7 billion;
0.20 percent of all amounts over $3 billion.

The determination required by this paragraph for the 1st year the contractor is subject to this Standard shall be based on the pro forma application of this Standard to the home office expenses and aggregate operating revenue for the contractor's previous fiscal year.

(3) Where a particular segment receives significantly more or less benefit from residual expenses than would be reflected by the allocation of such expenses pursuant to subparagraph (c) (1) or (2) of this subsection (see 30.403–50(d)), the Government and the contractor may agree to a special allocation of residual expenses to such segment commensurate with the benefits received. The amount of a special allocation to any segment made pursuant to such an agreement shall be excluded from the pool of residual expenses to be allocated pursuant to subparagraph (c) (1) or (2) of this subsection, and such segment's data shall be excluded from the base used to allocate this pool.

30.403–50 Techniques for application.

(a) (1) Separate expense groupings will ordinarily be required to implement 30.403–40. The number of groupings will depend primarily on the variety and significance of service and management functions performed by a particular home office. Ordinarily, each service or management function will have to be separately identified for allocation by means of an appropriate allocation technique. However, it is not necessary to identify and allocate different functions separately, if allocation in accordance with the relevant requirements of 30.403–40(b) can be made using a common allocation base. For example, if the personnel department of a home office provides personnel services for some or all of the segments (a centralized service function) and also established personnel policies for the same segments (a staff management function), the expenses of both functions could be allocated over the same base, such as the number of personnel, and the separate functions do not have to be identified.

(2) Where the expense of a given function is to be allocated by means of a particular allocation base, all segments shall be included in the base unless: (i) Any excluded segment did not receive significant benefits from, or contribute significantly to the cause of the expense to be allocated and, (ii) any included segment did receive significant benefits from or contribute significantly to the cause of the expense in question.

(b) (1) Section 30.403–60 illustrates various expense pools which may be used together with appropriate allocation bases. The allocation of centralized service functions shall be governed by a hierarchy of preferable allocation techniques which represent beneficial or casual relationships. The preferred representation of such relationships is a measure of the activity of the organization performing the function. Supporting functions are usually labor-oriented, machine-oriented, or space-oriented. Measures of the activities of such functions ordinarily can be expressed in terms of labor hours, machine hours, or square footage. Accordingly, costs of these functions shall be allocated by use of a rate, such as a rate per labor hour, rate per machine hour or cost per square foot, unless such measures are unavailable or impractical to ascertain. In these latter cases the basis for allocation shall be a measurement of the output of the supporting function. Output is measured in terms of units of end product produced by the supporting function, as for example, number of printed pages for a print shop, number of purchase orders processed by a purchasing department, number of hires by an employment office.

(2) Where neither activity nor output of the supporting function can be practically measured, a surrogate for the beneficial, or causal relationship must be selected. Surrogates used to represent the relationship are generally measures of the activity of the segments receiving the service; for example, for personnel services reasonable surrogates would be number of personnel, labor hours, or labor dollars of the segments receiving the service. Any surrogate used should be a reasonable measure of the services received and, logically, should vary in proportion to the services received.

(c) (1) Where residual expenses are required to be allocated pursuant to 30.403–40(c)(2), the three factor formula described below must be used. This formula is considered to result in appropriate allocations of the residual expenses of home offices. It takes into account three broad areas of management concern: The employees of the organization, the business volume, and the capital invested in the organization. The percentage of the residual expenses to be allocated to any segment pursuant to the three factor formula is the arithmetical average of the following three percentages for the same period:

(i) The percentage of the segment's payroll dollars to the total payroll dollars of all segments.

(ii) The percentage of the segment's operating revenue to the total operating revenue of all segments. For this purpose, the operating revenue of any segment shall include amounts charged to other segments and shall be reduced by amounts charged by other segments for purchases.

(iii) The percentage of the average net book value of the sum of the segment's tangible capital assets plus inventories to the total average net book value of

such assets of all segments. Property held primarily for leasing to others shall be excluded from the computation. The average net book value shall be the average of the net book value at the beginning of the organization's fiscal year and the net book value at the end of the year.

(d) The following paragraphs provide guidance for implementing the requirements of 30.403–40(c)(3).

(1) An indication that a segment received significantly less benefit in relation to other segments can arise if a segment, unlike all or most other segments, performs on its own many of the functions included in the residual expense. Another indication may be that, in relation to its size, comparatively little or no costs are allocable to a segment pursuant to 30.403–40(b) (1) through (5). Evidence of comparatively little communication or interpersonal relations between a home office and a segment, in relation to its size, may also indicate that the segment receives significantly less benefit from residual expenses. Conversely, if the opposite conditions prevail at any segment, a greater allocation than would result from the application of 30.403–40(c) (1) or (2) may be indicated. This may be the case, for example, if a segment relies heavily on the home office for certain residual functions normally performed by other segments on their own.

(2) Segments which may require special allocations of residual expenses pursuant to 30.403–40(c)(3) include, but are not limited to foreign subsidiaries, GOCO's, domestic subsidiaries with less than a majority ownership, and joint ventures.

(3) The portion of residual expenses to be allocated to a segment pursuant to 30.403–40(c)(3) shall be the cost of estimated or recorded efforts devoted to the segments.

(e) Home office functions may be performed by an organization which for some purposes may not be a part of the legal entity with which the Government has contracted. This situation may arise, for example, in instances where the Government contracts directly with a corporation which is wholly or partly owned by another corporation. In this case, the latter corporation serves as a "home office," and the corporation with which the contract is made is a "segment" as those terms are defined and used in this Standard. For purposes of contracts subject to this Standard, the contracting corporation may only accept allocations from the other corporation to the extent that such allocations meet the requirements set forth in this Standard for allocation of home office expenses to segments.

30.403–60 Illustrations.

(a) The following table lists some typical pools, together with illustrative allocation bases, which could be used in appropriate circumstances:

Home office expense or function	Illustrative allocation bases
Centralized service functions:	
1. Personnel administration	1. Number of personnel, labor hours, payroll, number of hires.
2. Data processing services	2. Machine time, number of reports.
3. Centralized purchasing and subcontracting	3. Number of purchase orders, value of purchases, number of items.
4. Centralized warehousing	4. Square footage, value of material, volume.
5. Company aircraft service	5. Actual or standard rate per hour, mile, passenger mile, or similar unit.
6. Central telephone service	6. Usage costs, number of instruments.

(b) The selection of a base for allocating centralized service functions shall be governed by the criteria established in 30.403–50(b).

(c) The listed allocation bases in this section are illustrative. Other bases for allocation of home office expenses to segments may be used if they are substantially in accordance with the beneficial or casual relationships outlined in 30.403–40.

Home office expense or function	Illustrative allocation bases
Staff management of specific activities:	
1. Personnel management	1. Number of personnel, labor hours, payroll, number of hires.
2. Manufacturing policies (quality control, industrial engineering, production, scheduling, tooling, inspection and testing, etc.).	2. Manufacturing cost input, manufacturing direct labor.
3. Engineering policies	3. Total engineering costs, engineering direct labor, number of drawings.
4. Material/purchasing policies	4. Number of purchase orders, value of purchases.
5. Marketing policies	5. Sales, segment marketing costs.
Central payments or accruals:	
1. Pension expenses	1. Payroll or other factor on which total payment is based.
2. Group insurance expenses	2. Payroll or other factor on which total payment is based.
3. State and local income taxes and franchise taxes	3. Any base or method which results in an allocation that equals or approximates a segment's proportionate share of the tax imposed by the jurisdiction in which the segment does business, as measured by the same factors used to determine taxable income for that jurisdiction.

30.403–70 Interpretation.

Questions have arisen as to the requirements of 30.403, Cost Accounting Standard, Allocation of Home Office Expenses to Segments, for the purpose of allocating State and local income taxes and franchise taxes based on income (hereinafter collectively referred to as income taxes) from a home office of an organization to its segments.

By means of an illustrative allocation base in 30.403–60, the Standard provides that income taxes are to be allocated by "any base or method which results in an allocation that equals or approximates a segment's proportionate share of the tax imposed by the jurisdiction in which the segment does business, as measured by the same factors used to determine taxable income for that jurisdiction."

This provision contains two essential criteria for the allocation of income taxes from a home office to segments. First, the taxes of any particular jurisdiction are to be allocated only to those segments that do business in the taxing jurisdiction. Second, where there is more than one segment in a taxing jurisdiction, the taxes are to be allocated among those segments on the

basis of "the same factors used to determine the taxable income for that jurisdiction." The questions that have arisen relate primarily to whether segment book income or loss is a "factor" for this purpose.

Most States tax a fraction of total organization income, rather than the book income of segments that do business within the State. The fraction is calculated pursuant to a formula prescribed by State statute. In these situations the book income or loss of individual segments is not a factor used to determine taxable income for that jurisdiction. Accordingly, in States that tax a fraction of total organization income, rather than the book income of segments within the State, such book income is irrelevant for tax allocation purposes. Therefore, segment book income is to be used as a factor in allocating income tax expense from a home office to segments only where this amount is expressly used by the taxing jurisdiction in computing the income tax.

30.404 Capitalization of tangible assets.

30.404-10 [Reserved]

30.404-20 Purpose.

This Standard requires that, for purposes of cost measurement, contractors establish and adhere to policies with respect to capitalization of tangible assets which satisfy criteria set forth herein. Normally, cost measurements are based on the concept of enterprise continuity; this concept implies that major asset acquisitions will be capitalized, so that the cost applicable to current and future accounting periods can be allocated to cost objectives of those periods. A capitalization policy in accordance with this Standard will facilitate measurement of costs consistently over time.

30.404-30 [Reserved]

30.404-40 Fundamental requirement.

(a) The acquisition cost of tangible capital assets shall be capitalized. Capitalization shall be based upon a written policy that is reasonable and consistently applied.

(b) The contractor's policy shall designate economic and physical characteristics for capitalization of tangible assets.

(1) The contractor's policy shall designate a minimum service life criterion, which shall not exceed 2 years, but which may be a shorter period. The policy shall also designate a minimum acquisition cost criterion which shall not exceed $1,000, but which may be a smaller amount.

(2) The contractor's policy may designate other specific characteristics which are pertinent to his capitalization policy decisions (e.g., class of asset, physical size, identifiability and controllability, the extent of integration or independence of constituent units).

(3) The contractor's policy shall provide for identification of asset accountability units to the maximum extent practical.

(4) The contractor's policy may designate higher minimum dollar limitations for original complement of low cost equipment and for betterments and improvements than the limitation established in accordance with subparagraph (b)(1) of this subsection, provided such higher limitations are reasonable in the contractor's circumstances.

(c) Tangible assets shall be capitalized when both of the criteria in the contractor's policy as required in subparagraph (b)(1) of this subsection are met, except that assets described in subparagraph (b)(4) of this section shall be capitalized in accordance with the criteria established in accordance with that paragraph.

(d) Costs incurred subsequent to the acquisition of a tangible capital asset which result in extending the life or increasing the productivity of that asset (e.g., betterments and improvements) and which meet the contractor's established criteria for capitalization shall be capitalized with appropriate accounting for replaced asset accountability units. However, costs incurred for repairs and maintenance to a tangible capital asset which either restore the asset to, or maintain it at, its normal or expected service life or production capacity shall be treated as costs of the current period.

30.404-50 Techniques for application.

(a) The cost to acquire a tangible capital asset includes the purchase price of the asset and costs necessary to prepare the asset for use.

(1) The purchase price of an asset shall be adjusted to the extent practical by premiums and extra charges paid or discounts and credits received which properly reflect an adjustment in the purchase price.

(i) Purchase price is the consideration given in exchange for an asset and is determined by cash paid, or to the extent payment is not made in cash, in an amount equivalent to what would be the cash price basis. Where this amount is not available, the purchase price is determined by the current value of the consideration given in exchange for the asset. For example, current value for a credit instrument is the amount immediately required to settle the obligation or the amount of money which might have been raised directly through the use of the same instrument employed in making the credit purchase. The current value of an equity security is its market value. Market value is the current or prevailing price of the security as indicated by recent market quotations. If such values are unavailable or not appropriate (thin market, volatile price movement, etc.), an acceptable alternative is the fair value of the asset acquired.

(ii) Donated assets which, at the time of receipt, meet the contractor's criteria for capitalization shall be capitalized at their fair value at that time.

(2) Costs necessary to prepare the asset for use include the cost of placing the asset in location and bringing the asset to a condition necessary for normal or expected use. Where material in amount, such costs, including initial inspection and testing, installation and similar expenses, shall be capitalized.

(b) Tangible capital assets constructed or fabricated by a contractor for its own use shall be capitalized at amounts which include all indirect costs properly allocable to such assets. This requires the capitalization of general and administrative expenses when such expenses are identifiable with the constructed asset and are material in amount (e.g., when the in-house construction effort requires planning, supervisory, or other significant effort by officers or other personnel whose salaries are regularly charged to general and administrative expenses). When the constructed assets are identical with or similar to the contractor's regular product, such assets shall be capitalized at amounts which include a full share of indirect costs.

(c) In circumstances where the acquisition by purchase or donation of previously used tangible capital assets is not an arm's length transaction, acquisition cost shall be limited to the capitalized cost of the asset to the owner who last acquired the asset through an arm's-length transaction, reduced by depreciation charges from date of that acquisition to date of gift or sale.

(d) Under the "purchase method" of accounting for business combinations, acquired tangible capital assets shall be assigned a portion of the cost of the acquired company, not to exceed their fair value at date of acquisition. Where the fair value of identifiable acquired assets less liabilities assumed exceeds the purchase price of the acquired company in an acquisition under the "purchase method," the value otherwise

assignable to tangible capital assets shall be reduced by a proportionate part of the excess.

(e) Under the "pooling of interest method" of accounting for business combinations, the values established for tangible capital assets for financial accounting shall be the values used for determining the cost of such assets.

(f) Asset accountability units shall be identified and separately capitalized at the time the assets are acquired. However, whether or not the contractor identifies and separately capitalizes a unit initially, the contractor shall remove the unit from the asset accounts when it is disposed of and, if replaced, its replacement shall be capitalized.

30.404-60 Illustrations.

(a) *Illustrations of costs which must be capitalized.* (1) Contractor has an established policy of capitalizing tangible assets which have a service life of more than 1 year and a cost of $2,000. The contractor's policy must be modified to conform to the $1,000 policy limitation on minimum acquisition cost established by the Standard.

(i) Contractor acquires a tangible capital asset with a life of 18 months at a cost of $1,200. The Standard requires that the asset be capitalized in compliance with contractor's policy as to service life.

(ii) Contractor acquires a tangible asset with a life of 18 months at a cost of $900. The asset need not be capitalized unless the contractor's revised policy establishes a minimum cost criterion below $900.

(2) Contractor has an established policy of capitalizing tangible assets which have a service life of more than 1 year and a cost of $250. The Standard requires that, based upon contractor's policy, the asset be capitalized.

(3) Contractor establishes a major new production facility. In the process, a number of large and small items of equipment were acquired to outfit it. The contractor has an established policy of capitalizing individual items of tangible assets which have a service life of over 1 year and a cost of $500, and all items meeting these requirements were capitalized. In addition, the contractor's policy requires capitalization of an original complement which has a service life of over 1 year and a cost of $5,000. Items of durable equipment acquired for the production facility costing less than $500 each aggregated $50,000. Based upon the contractor's policy, the durable equipment items must be capitalized as the original complement of low cost equipment. (The concept of original complement applies to such items as books in a new library, impact wrenches in a new factory, work benches and racks in a new production facility, or furniture and fixtures in a new office building.)

(4) Contractor has an established policy for treating its heavy presses and their power supplies as separate asset accountability units. A power supply is replaced during the service life of the related press. The Standard requires that, based upon the contractor's policy, the new power supply be capitalized with appropriate accounting for the replaced unit.

(b) *Illustrations of costs which need not be capitalized.* (1) The contractor has an established policy of capitalizing tangible assets which have a service life of 2 years and a cost of $500. The contractor acquires an asset with a useful life of 18 months and a cost of $5,000. The tangible asset should be expensed because it does not meet the 2 year criterion.

(2) The contractor establishes a new assembly line. In outfitting the line, the contractor acquires $5,000 of small tools. On similar assembly lines under similar conditions, the original complement of small tools was expensed because the complement was replaced annually as a result of loss, pilferage, breakage, and physical wear and tear. Because the unit of original complement does not meet the contractor's service life criterion for capitalization (1 year), the small tools may be expensed.

30.405 Accounting for unallowable costs.

30.405-10 [Reserved]

30.405-20 Purpose.

(a) The purpose of this Cost Accounting Standard is to facilitate the negotiation, audit, administration and settlement of contracts by establishing guidelines covering: (1) identification of costs specifically described as unallowable, at the time such costs first become defined or authoritatively designated as unallowable; and (2) the cost accounting treatment to be accorded such identified unallowable costs in order to promote the consistent application of sound cost accounting principles covering all incurred costs. The Standard is predicated on the proposition that costs incurred in carrying on the activities of an enterprise—regardless of the allowability of such costs under Government contracts—are allocable to the cost objectives with which they are identified on the basis of their beneficial or causal relationships.

(b) This Standard does not govern the allowability of costs. This is a function of the appropriate procurement or reviewing authority.

30.405-30 [Reserved]

30.405-40 Fundamental requirement.

(a) Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, or proposal applicable to a Government contract.

(b) Costs which specifically become designated as unallowable as a result of a written decision furnished by a contracting officer pursuant to contract disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a Government contract. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this paragraph or paragraph (a) of this subsection.

(c) Costs which, in a contracting officer's written decision furnished pursuant to contract disputes procedures, are designated as unallowable directly associated costs of unallowable costs covered by either paragraph (a) or (b) of this subsection shall be accorded the identification required by paragraph (b) of this subsection.

(d) The costs of any work project not contractually authorized, whether or not related to performance of a proposed or existing contract, shall be accounted for, to the extent appropriate, in a manner which permits ready separation from the costs of authorized work projects.

(e) All unallowable costs covered by paragraphs (a) through (d) of this subsection shall be subject to the same cost accounting principles governing cost allocability as allowable costs. In circumstances where these unallowable costs normally would be part of a regular indirect-cost allocation base or bases, they shall remain in such base or bases. Where a directly associated cost is part of a category of costs normally included in an indirect-cost pool that will be allocated over a base containing the unallowable cost with which it is associated, such a directly associated cost shall be retained in the indirect-cost pool and be allocated through the regular allocation process.

(f) Where the total of the allocable and otherwise allowable costs exceeds a limitation-of-cost or ceiling-price provision in a contract, full direct and indirect cost allocation shall be made to the contract cost objective, in accordance with established cost accounting practices and Standards which regularly govern a given entity's

allocations to Government contract cost objectives. In any determination of unallowable cost overrun, the amount thereof shall be identified in terms of the excess of allowable costs over the ceiling amount, rather than through specific identification of particular cost items or cost elements.

30.405-50 Techniques for application.

(a) The detail and depth of records required as backup support for proposals, billings, or claims shall be that which is adequate to establish and maintain visibility of identified unallowable costs (including directly associated costs), their accounting status in terms of their allocability to contract cost objectives, and the cost accounting treatment which has been accorded such costs. Adherence to this cost accounting principle does not require that allocation of unallowable costs to final cost objectives be made in the detailed cost accounting records. It does require that unallowable costs be given appropriate consideration in any cost accounting determinations governing the content of allocation bases used for distributing indirect costs to cost objectives. Unallowable costs involved in the determination of rates used for standard costs, or for indirect-cost bidding or billing, need be identified only at the time rates are proposed, established, revised or adjusted.

(b) The visibility requirement of paragraph (a) of this subsection, may be satisfied by any form of cost identification which is adequate for purposes of contract cost determination and verification. The Standard does not require such cost identification for purposes which are not relevant to the determination of Government contract cost. Thus, to provide visibility for incurred costs, acceptable alternative practices would include: (1) the segregation of unallowable costs in separate accounts maintained for this purpose in the regular books of account; (2) the development and maintenance of separate accounting records or workpapers; or (3) the use of any less formal cost accounting techniques which establishes and maintains adequate cost identification to permit audit verification of the accounting recognition given unallowable costs. Contractors may satisfy the visibility requirements for estimated costs either: (1) By designation and description (in backup data, workpapers, etc.) of the amounts and types of any unallowable costs which have specifically been identified and recognized in making the estimates; or (2) by description of any other estimating technique employed to provide appropriate recognition of any unallowable costs pertinent to the estimates.

(c) Specific identification of unallowable costs is not required in circumstances where, based upon considerations of materiality, the Government and the contractor reach agreement on an alternate method that satisfies the purpose of the Standard.

30.405-60 Illustrations.

(a) An auditor recommends disallowance of certain direct labor and direct material costs, for which a billing has been submitted under a contract, on the basis that these particular costs were not required for performance and were not authorized by the contract. The contracting officer issues a written decision which supports the auditor's position that the questioned costs are unallowable. Following receipt of the contracting officer's decision, the contractor must clearly identify the disallowed direct labor and direct material costs in his accounting records and reports covering any subsequent submission which includes such costs. Also, if the contractor's base for allocation of any indirect cost pool relevant to the subject contract consists of direct labor, direct material, total prime cost, total cost input, etc., he must include the disallowed direct labor and material costs in his allocation base for such pool. Had the contracting officer's decision been against the auditor, the contractor would not, of course, have been required to account separately for the costs questioned by the auditor.

(b) A contractor incurs, and separately identifies, as a part of his manufacturing overhead, certain costs which are expressly unallowable under the existing and currently effective regulations. If manufacturing overhead is regularly a part of the contractor's base for allocation of general and administrative (G&A) or other indirect expenses, the contractor must allocate the G&A or other indirect expenses to contracts and other final cost objectives by means of a base which includes the identified unallowable manufacturing overhead costs.

(c) An auditor recommends disallowance of the total direct indirect costs attributable to an organizational planning activity. The contractor claims that the total of these activity costs are allowable under the Federal Acquisition Regulation as "Economic planning costs" (FAR 31.205-12); the auditor contends that they constitute "Organization costs" (FAR 31.205-27) and therefore are unallowable. The issue is referred to the contracting officer for resolution pursuant to the contract disputes clause. The contracting officer issues a written decision supporting the auditor's position that the total costs questioned are unallowable under the FAR. Following receipt of the contracting officer's decision, the contractor must identify the disallowed costs and specific other costs incurred for the same purpose in like circumstances in any subsequent estimating, cost accumulation or reporting for Government contracts, in which such costs are included. If the contracting officer's decision had supported the contractor's contention, the costs questioned by the auditor would have been allowable "Economic planning costs," and the contractor would not have been required to provide special identification.

(d) A defense contractor was engaged in a program of expansion and diversification of corporate activities. This involved internal corporate reorganization, as well as mergers and acquisitions. All costs of this activity were charged by the contractor as corporate or segment general and administrative (G&A) expense. In the contractor's proposals for final Segment G&A rates (including corporate home office allocations) to be applied in determining allowable costs of its defense contracts subject to FAR Part 31, the contractor identified and excluded the expressly unallowable costs (as listed in FAR 31.205-12) incurred for incorporation fees and for charges for special services of outside attorneys, accountants, promoters, and consultants. In addition, during the course of negotiation of interim bidding and billing G&A rates, the contractor agreed to classify as unallowable various in-house costs incurred for the expansion program, and various directly associated costs of the identifiable unallowable costs. On the basis of negotiations and agreements between the contractor and the contracting officers' authorized representatives, interim G&A rates were established, based on the net balance of allowable G&A costs. Application of the rates negotiated to proposals, and on an interim basis to billings, for covered contracts constitutes compliance with the Standard.

(e) An official of a company, whose salary, travel, and subsistence expenses are charged regularly as general and administrative (G&A) expenses, takes several business associates on what is clearly a business entertainment trip. The entertainment costs of such trips is expressly unallowable because it constitutes entertainment expense, and

is separately identified by the contractor. The contractor does not regularly include his G&A expenses in any indirect-expense allocation base. In these circumstances, the official's travel and subsistence expenses would be directly associated costs for identification with the unallowable entertainment expense. However, unless this type of activity constituted a significant part of the official's regular duties and responsibilities on which his salary was based, no part of the official's salary would be required to be identified as a directly associated cost of the unallowable entertainment expense.

30.406 Cost accounting standard—cost accounting period.

30.406-10 [Reserved]

30.406-20 Purpose.

The purpose of this Cost Accounting Standard is to provide criteria for the selection of the time periods to be used as cost accounting periods for contract cost estimating, accumulating, and reporting. This Standard will reduce the effects of variations in the flow of costs within each cost accounting period. It will also enhance objectivity, consistency, and verifiability, and promote uniformity and comparability in contract cost measurements.

30.406-30 [Reserved]

30.406-40 Fundamental requirement.

(a) A contractor shall use this fiscal year as his cost accounting period, except that:

(1) Costs of an indirect function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period as provided in 30.406-50(a).

(2) An annual period other than the fiscal year may, as provided in 30.406-50(d), be used as the cost accounting period if its use is an established practice of the contractor.

(3) A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.

(4) Where a contractor's cost accounting period is different from the reporting period required by Renegotiation Board regulations, the latter may be used for such reporting.

(b) A contractor shall follow consistent practices in his selection of the cost accounting period or periods in which any types of expense and any types of adjustment to expense (including prior-period adjustments) are accumulated and allocated.

(c) The same cost accounting period shall be used for accumulating costs in an indirect cost pool as for establishing its allocation base, except that the contracting parties may agree to use a different period for establishing an allocation base as provided in 30.406-50(e).

30.406-50 Techniques for application.

(a) The cost of an indirect function which exists for only a part of a cost accounting period may be allocated on the basis of data for that part of the cost accounting period if the cost is (1) material in amount, (2) accumulated in a separate indirect cost pool, and (3) allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.

(b) The practices required by 30.406-40(b) of this Standard shall include appropriate practices for deferrals, accruals, and other adjustments to be used in identifying the cost accounting periods among which any types of expense and any types of adjustment to expense are distributed. If an expense, such as taxes, insurance or employee leave, is identified with a fixed, recurring, annual period which is different from the contractor's cost accounting period, the Standard permits continued use of that different period. Such expenses shall be distributed to cost accounting periods in accordance with the contractor's established practices for accruals, deferrals and other adjustments.

(c) Indirect cost allocation rates, based on estimates, which are used for the purpose of expediting the closing of contracts which are terminated or completed prior to the end of a cost accounting period need not be those finally determined or negotiated for that cost accounting period. They shall, however, be developed to represent a full cost accounting period, except as provided in paragraph (a) of this subsection.

(d) A contractor may, upon mutual agreement with the Government, use as his cost accounting period a fixed annual period other than his fiscal year, if the use of such a period is an established practice of the contractor and is consistently used for managing and controlling the business, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.

(e) The contracting parties may agree to use an annual period which does not coincide precisely with the cost accounting period for developing the data used in establishing an allocation base: *Provided,*

(1) The practice is necessary to obtain significant administrative convenience,

(2) the practice is consistently followed by the contractor, (3) the annual period used is representative of the activity of the cost accounting period for which the indirect costs to be allocated are accumulated, and (4) the practice can reasonably be estimated to provide a distribution to cost objective of the cost accounting period not materially different from that which otherwise would be obtained.

(f) When a transitional cost accounting period is required under the provisions of 30.406-40(a)(3), the contractor may select any one of the following:

(1) The period, less than a year in length, extending from the end of his previous cost accounting period to the beginning of his next regular cost accounting period; (2) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this subsection with the previous cost accounting period; or (3) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this section with the next regular cost accounting period. A change in the contractor's cost accounting period is a change in accounting practices for which an adjustment in the contract price may be required in accordance with paragraph (a)(4)(ii) or (iii) of the contract clause set out at FAR 52.230-3.

30.406-60 Illustrations.

(a) A contractor allocates general management expenses on the basis of total cost input. In a proposal for a covered negotiated fixed-price contract, he estimates the allocable expenses based solely on the estimated amount of the general management expense pool and the amount of the total cost input base estimated to be incurred during the 8 months in which performance is scheduled to be commenced and completed. Such a proposal would be in violation of the requirements of this Standard that the calculation of the amounts of both the indirect cost pools and the allocation bases be based on the contractor's cost accounting period.

(b) A contractor whose cost accounting period is the calendar year, installs a computer service center to begin operations on May 1. The operating expense related to the new service center is expected to be material in amount, will be accumulated in a separate indirect cost pool, and will be allocated to the benefiting cost objectives on the basis of measured usage. The total operating expenses of the computer service center for the 8-

month part of the cost accounting period may be allocated to the benefiting cost objectives of that same 8-month period.

(c) A contractor changes his fiscal year from a calendar year to the 12-month period ending May 31. For financial reporting purposes, he has a 5-month transitional "fiscal year." The same 5-month period must be used as the transitional cost accounting period; it may not be combined as provided in 30.406–50(f), because the transitional period would be longer than 15 months. The new fiscal year must be adopted thereafter as his regular cost accounting period. The change in his cost accounting period is a change in accounting practices; adjustments of the contract prices may thereafter be required in accordance with subparagraph (a)(4)(ii) or (iii) of the contract clause at 52.230–3.

(d) Financial reports to stockholders are made on a calendar year basis for the entire contractor corporation. However, the contracting segment does all internal financial planning, budgeting, and internal reporting on the basis of a "model year." The contracting parties agree to use a "model year" and they agree to overhead rates on the "model year" basis. They also agree on a technique for prorating fiscal year assignment of corporate home office expenses between model years. This practice is permitted by the Standard.

(e) Most financial accounts and contract cost records are maintained on the basis of a fiscal year which ends November 30 each year. However, employee vacation allowances are regularly managed on the basis of a "vacation year" which ends September 30 each year. Vacation expenses are estimated uniformly during each "vacation year." Adjustments are made each October to adjust the accrued liability to actual, and the estimating rates are modified to the extent deemed appropriate. This use of a separate annual period for determining the amounts of vacation expense is permitted under 30.406–50(b).

30.407 Use of standard costs for direct material and direct labor.

30.407–10 [Reserved]

30.407–20 Purpose.

(a) The purpose of this Cost Accounting Standard is to provide criteria under which standard costs may be used for estimating, accumulating, and reporting costs of direct material and direct labor; and to provide criteria relating to the establishment of standards, accumulation of standard costs, and accumulation and disposition of variances from standard costs. Consistent application of these criteria where standard costs are in use will improve cost measurement and cost assignment.

(b) This Cost Accounting Standard is not intended to cover the use of preestablished measures solely for estimating.

30.407–30 [Reserved]

30.407–40 Fundamental requirement.

Standard costs may be used for estimating, accumulating, and reporting costs of direct material and direct labor only when all of the following criteria are met:

(a) Standard costs are entered into the books of account.

(b) Standard costs and related variances are appropriately accounted for at the level of the production unit.

(c) Practices with respect to the setting and revising of standards, use of standard costs, and disposition of variances are stated in writing and are consistently followed.

30.407–50 Techniques for application.

(a) (1) A contractor's written statement of practices with respect to standards shall include the bases and criteria (such as engineering studies, experience, or other supporting data) used in setting and revising standards; the period during which standards are to remain effective; the level (such as ideal or realistic) at which material-quantity standards and labor-time standards are set; and conditions (such as those expected to prevail at the beginning of a period) which material-price standards and labor-rate standards are designed to reflect.

(2) Where only either the material price or material quantity is set at standard, with the other component stated at actual, the result of the multiplication shall be treated as material cost at standard. Similarly, where only either the labor rate or labor time is set at standard, with the other component stated at actual, the result of the multiplication shall be treated as labor cost at standard.

(3) A labor-rate standard may be set to cover a category of direct labor only if the functions performed within that category are not materially disparate and the employees involved are interchangeable with respect to the functions performed.

(4) A labor-rate standard may be set to cover a group of direct labor workers who perform disparate functions only under either one of the following conditions:

(i) Where that group of workers all work in a single production unit yielding homogeneous outputs (in this case, the same labor-rate standard shall be applied to each worker in that group), or

(ii) Where that group of workers, in the performance of their respective functions, forms an integral team (in this case, a labor-rate standard shall be set for each integral team).

(b) (1) Material-price standards may be used and their related variances may be recognized either at the time purchases of material are entered into the books of account or at the time material cost is allocated to production units.

(2) Where material-price standards are used and related variances are recognized at the time purchases of material are entered into the books of account, they shall be accumulated separately by homogeneous groupings of material. Examples of homogeneous groupings of material are:

(i) Where prices of all items in that grouping of material are expected to fluctuate in the same direction and at substantially the same rate, or

(ii) Where items in that grouping of material are held for use in a single production unit yielding homogeneous outputs.

(3) Where material-price variances are recognized at the time purchases of material are entered into the books of account, variances of each homogeneous grouping of material shall be allocated (except as provided in paragraph (b)(4) of this section), at least annually, to items in purchased-items inventory and to production units receiving items from that homogeneous grouping of material, in accordance with either one of the following practices, which shall be consistently followed:

(i) Items in purchased-items inventory of a homogeneous grouping of material are adjusted from standard cost to actual cost; the balance of the material-price variance, after reflecting these adjustments, shall be allocated to production units on the basis of the total of standard cost of material received from that homogeneous grouping of material by each of the production units; or

(ii) Items, at standard cost, in purchased-items inventory of a homogeneous grouping of material, are treated, collectively, as a production unit; the material-price variance shall be allocated to production units on the basis of standard cost of material received from that homogeneous grouping of material by each of the production units.

(4) Where material-price variances are recognized at the time purchases of material are entered into the books of

account, variances of each homogeneous grouping of material which are insignificant may be included in appropriate indirect cost pools for allocation to applicable cost objectives.

(5) Where a material-price variance is allocated to a production unit in accordance with subparagraph (b)(3) of this subsection, it may be combined with material-quantity variance into one material-cost variance for that production unit. A separate material-cost variance shall be accumulated for each production unit.

(6) Where material-price variances are recognized at the time material cost is allocated to production units, these variances and material-quantity variances may be combined into one material-cost variance account.

(c) Labor-cost variances shall be recognized at the time labor cost is introduced into production units. Labor-rate variances and labor-time variances may be combined into one labor-cost variance account. A separate labor-cost variance shall be accumulated for each production unit.

(d) A contractor's established practice with respect to the disposition of variances accumulated by production unit shall be in accordance with one of the following subparagraphs:

(1) Variances are allocated to cost objectives (including ending in-process inventory) at least annually. Where a variance related to material is allocated, the allocation shall be on the basis of the material cost at standard, or, where outputs are homogeneous, on the basis of units of output. Similarly, where a variance related to labor is allocated, the allocation shall be on the basis of the labor cost at standard or labor hours at standard, or, where outputs are homogeneous, on the basis of units of output; or

(2) Variances which are immaterial may be included in appropriate indirect cost pools for allocation to applicable cost objectives.

(e) Where variances applicable to covered contracts are allocated by memorandum worksheet adjustments rather than in the books of account, the bases used for adjustment shall be in accordance with those stated in subparagraphs (b)(3) and (d) of this subsection.

30.407-60 Illustrations.

(a) Contractor A's written practice is to set his material-price standard for an item on the basis of average purchase prices expected to prevail during the calendar year. For that item whose usage from month to month is stable, a purchase contract is generally signed on May 1 of each year for a one-year commitment. The current purchase contract calls for a purchase price of $3 per pound; an increase of 5 percent, or 15¢ per pound, has been announced by the vendor when the new purchase contract comes into effect next May. Contractor A sets his material-price standard for this item at $3.10 per pound for the year ([$3.00×4+$3.15×8]÷12). Since Contractor A sets his material-price standard in accordance with his written practice, he complies with provisions of 30.407-40(c) of this Cost Accounting Standard.

(b) Contractor B accumulates, in one account, labor cost at standard for a department in which several categories of direct labor of disparate functions, in different combinations, are used in the manufacture of various dissimilar outputs of the department. Contractor B's department is not a production unit as defined in 30.407-30(a)(7) of this Cost Accounting Standard. Modifying his practice so as to comply with the definition of production unit in 30.407-30(a)(7), he could accumulate the standard costs and variances separately, (1) for each of the several categories of direct labor, or (2) for each of several subdepartments, with homogeneous output for each of the subdepartments.

(c) Contractor C allocates variances at the end of each month. During the month of March, a production unit has accumulated the following data with respect to labor:

	Labor hours at standard	Labor dollars at standard	Labor cost variance
Balance, March 1	5,000	$25,000	$2,000
Additions in March	15,000	75,000	5,000
Total	20,000	100,000	7,000
Transfers-out in March	8,000	40,000	
Balance, March 31	12,000	60,000	

Using labor hours at standard as the base, Contractor C establishes a labor-cost variance rate of $.35 per standard labor hour ($7,000÷20,000), and deducts $2,800 ($.35×8,000) from the labor-cost variance account, leaving a balance of $4,200 ($7,000—$2,800). Contractor C's practice complies with provisions of 30.407-50(d)(1) of this Cost Accounting Standard.

(d) Contractor D, who uses materials the prices of which are expected to fluctuate at different rates, recognizes material-price variances at the time purchases of material are entered into the books of account. He maintains one purchase-price variance account for the whole plant. Purchased items are requisitioned by various production units in the plant. Since prices of material are expected to fluctuate at different rates, this plant-wide grouping does not constitute a homogeneous grouping of material. Contractor D's practice does not comply with provisions of 30.407-50(b)(2) of this Cost Accounting Standard. However, if he would maintain several purchased-items inventory accounts, each representing a homogeneous grouping of material, and maintain a material-price variance account for each of these homogeneous groupings of material, Contractor D's practice would comply with 30.407-50(b)(2) of this Cost Accounting Standard.

(e) Contractor E recognizes material-price variances at the time purchases of material are entered into the books of account and allocates variances at the end of each month. During the month of May, a homogeneous grouping of material has accumulated the following data:

	Material cost at standard	Material price variance
Inventory, May 1	$150,000	$20,000
Additions in May	1,850,000	120,000
Total	2,000,000	140,000
Requisitions:		
Production unit 1	900,000	
Production unit 2	450,000	
Production unit 3	300,000	
Production unit 4	150,000	
Inventory, May 31	200,000	

Contractor E establishes a material-price variance rate of 7% ($140,000÷$2,000,000) and allocates as follows:

	Material cost at standard	Material-price variance rate (percent)	Material-price variance allocation
Production unit 1	$900,000	7	$63,000
Production unit 2	450,000	7	31,500
Production unit 3	300,000	7	21,000
Production unit 4	150,000	7	10,500
Ending inventory of homogeneous grouping of material	200,000	7	14,000
Total	2,000,000		140,000

Contractor E's practice complies with provisions of 30.407-50(b)(3)(ii) of this Cost Accounting Standard.

(f) Contractor F makes year-end adjustments for variances attributable to covered contracts. During the year just ended, a covered contract was processed in four production units, each with homogeneous outputs. Data with respect to output and to labor of each of the four production units are as follows:

Production unit	Total units of output	Total units used by the covered contract	Total labor cost at standard	Total labor-cost variance
1	100,000	10,000	$400,000	$20,000
2	30,000	6,000	900,000	30,000
3	20,000	5,000	600,000	10,000
4	10,000	4,000	500,000	20,000

Since the outputs of each production unit are homogeneous, Contractor F uses the units of output as the basis of making memorandum worksheet adjustments concerning applicable variances, and establishes the following figures:

	Labor-cost variance per unit of output	Units used by the covered contract	Labor-cost variance attributable to the covered contract
Production unit 1	$0.20	10,000	$2,000
Production unit 2	1.00	6,000	6,000
Production unit 3	.50	5,000	2,500
Production unit 4	2.00	4,000	8,000
Total labor-cost variance attributable to the covered contract			18,500

Contractor F makes a year-end adjustment of $18,500 as the labor-cost variances attributable to the covered contract. Contractor F's practice complies with provisions of 30.407–50(e) of this Cost Accounting Standard.

30.408 Accounting for costs of compensated personal absence.

30.408–10 [Reserved]

30.408–20 Purpose.

The purpose of this Standard is to improve, and provide uniformity in, the measurement of costs of vacation, sick leave, holiday, and other compensated personal absence for a cost accounting period, and thereby increase the probability that the measured costs are allocated to the proper cost objectives.

30.408–30 [Reserved]

30.408–40 Fundamental requirement.

(a) The costs of compensated personal absence shall be assigned to the cost accounting period or periods in which the entitlement was earned.

(b) The costs of compensated personal absence for an entire cost accounting period shall be allocated pro-rata on an annual basis among the final cost objectives of that period.

30.408–50 Techniques for application.

(a) *Determinations.* Each plan or custom for compensated personal absence shall be considered separately in determining when entitlement is earned. If a plan or custom is changed or a new plan or custom is adopted, then a new determination shall be made beginning with the first cost accounting period to which such new or changed plan or custom applies.

(b) *Measurement of entitlement.* (1) For purposes of compliance with 30.408–40(a), compensated personal absence is earned at the same time and in the same amount as the employer becomes liable to compensate the employee for such absence if the employer terminates the employee's employment for lack of work or other reasons not involving disciplinary action, in accordance with a plan or custom of the employer. Where a new employee must complete a probationary period before the employer becomes liable, the employer may nonetheless treat such service as creating entitlement in any computations required by this Standard, provided that he does so consistently.

(2) Where a plan or custom provides for entitlement to be determined as of the first calendar day or the first business day of a cost accounting period based on service in the preceding cost accounting period, the entitlement shall be considered to have been earned, and the employer's liability to have arisen, as of the close of the preceding cost accounting period.

(3) In the absence of a determinable liability, in accordance with subparagraph (b)(1) of this subsection, compensated personal absence will be considered to be earned only in the cost accounting period in which it is paid.

(c) *Determination of employer's liability.* In computing the cost of compensated personal absence, the computation shall give effect to the employer's liability in accordance with the following paragraphs:

(1) The estimated liability shall include all earned entitlement to compensated personal absence which exists at the time the liability is determined, in accordance with paragraph (b) of this subsection.

(2) The estimated liability shall be reduced to allow for anticipated nonutilization, if material.

(3) The liability shall be estimated consistently either in terms of current or of anticipated wage rates. Estimates may be made with respect to individual employees, but such individual estimates shall not be required if the total cost with respect to all employees in the plan can be estimated with reasonable accuracy by the use of sample data, experience or other appropriate means.

(d) *Adjustments.* (1) The estimate of the employer's liability for compensated personal absence at the beginning of the first cost accounting period for which a contractor must comply with this Standard shall be based on the contractor's plan or custom applicable to that period, notwithstanding that some part of that liability has not previously been recognized for contract costing purposes. Any excess of the amount of the liability as determined in accordance with paragraph (c) of this subsection over the corresponding amount of the liability as determined in accordance with the contractor's previous practice shall be held in suspense and accounted for as described in subparagraph (d)(3) of this subsection.

(2) If a plan or custom is changed or a new plan or custom is adopted, and the new determination made in accordance with paragraph (a) of this subsection results in an increase in the estimate of the employer's liability for compensated personal absence at the beginning of the first cost accounting period for which the new plan is effective over the estimate made in accordance with the contractor's prior practice, then the amount of such increase shall be held in suspense and accounted for as described in subparagraph (d)(3) of this subsection.

(3) At the close of each cost accounting period, the amount held in suspense shall be reduced by the excess of the amount held in suspense at the beginning of the cost accounting period over the employer's liability (as estimated in accordance with paragraph (c) of this subsection) at the end of that cost accounting period. The cost of compensated personal absence assigned to that cost accounting period shall be increased by the amount of the excess.

(e) *Allocations.* Except where the use of a longer or shorter period is permitted by the provisions of the Cost Accounting Standard on Cost Accounting Period (30.406 of this Subpart), the costs of compensated personal absence shall be allocated to cost objectives on a pro-rata basis which reflects the total of such costs and the total of the allocation base for the entire cost accounting period. However, this provision shall not preclude revisions to an allocation rate during a cost accounting period based on revised estimates of period totals.

30.408–60 Illustrations.

(a) Company A's vacation plan provides that on the anniversary of each employee's hiring date, that employee shall become eligible to receive a 2-week vacation with pay. Vacation entitlement must be used within 2 years or forfeited. An employee who leaves the company voluntarily will be paid for

any remaining unused vacation entitlement which was earned through the emloyee's last anniversary date. An employee who is laid off for lack of work will also be paid a pro-rata vacation allowance for service since the employee's last anniversary date. Company A accrues vacation costs each month based on an estimate of the anniversary years which will be completed in that month. At the end of its cost accounting period, Company A adjusts its estimated liability to agree with its actual liability for completed years of service on an individual employee basis.

(1) In order to comply with 30.408–50(c), Company A must increase its estimated liability for vacation pay at all times to include the estimated additional amount which would be payable to employees in the event of layoff. The additional liability may be calculated on an individual employee basis or it may be estimated for the employees as a group by the use of sample or historical data.

(2) The following illustrates one method of estimating Company A's liability at the end of its cost accounting period, December 31, with respect to individual employees, in accordance with 30.408–50(c).

John Doe, Anniversary date July 10:	
Unused entitlement resulting from completed service years, 24 hrs. at $5	$120
Full months of service since anniversary, 5: Pro-rata entitlement on lay-off = 80 hrs. x 5/12 = 33.3 hrs. at 15	167
Total	287
Less estimated allowance for forfeitures, 3½ percent	10
Net liability	277

(b) Company B has a vacation plan similar to Company A's, but Company B does not pay pro-rata vacation pay on lay-off for service since the last anniversary date. Company B must include in its estimate of its liability at the end of its cost accounting period only that unused vacation entitlement which results from completed years of service, with allowance for forfeitures if material.

(c) Company C's sick leave plan provides that an employee will accumulate one-half day of sick leave entitlement for each full month of service. Sick leave entitlement may be accumulated without limit, but an employee is paid for sick leave only during actual illness; the Company does not pay for unused sick leave on lay-off. Despite the fact that Company C might be able to estimate the amount which will be paid for sick leave in a future cost accounting period with a high degree of accuracy, it has no liability for payment for unused sick leave entitlement in the event of lay-off. Therefore, in accordance with 30.408–50(b)(3), it must assign to each cost accounting period only the costs of sick leave which it pays in that period.

(d) Company D's vacation plan provides that on July 1, each employee who has been employed by the Company for at least 1 year shall be entitled to 2 weeks of vacation. All vacation must be taken between July 1 and September 30. An employee who terminates after September 30 and before July 1 receives no vacation pay. Company D has a cost accounting period which ends on December 31; however, Company D customarily accrues its anticipated liability for vacation pay at July 1 in 12 equal installments over the "vacation year" starting on July 1 of the previous year and ending on June 30 of the current year. Company D has no liability for vacation pay at January 1 or at December 31. In accordance with 30.408–50(b)(3), the amount of vacation cost which Company D must assign to each cost accounting period is the amount of such costs paid in that period. Therefore, Company D may not use the "vacation year" ending June 30 to apportion these costs between cost accounting periods.

(e) Company E's cost accounting period ends on December 31. Its vacation plan provides that on January 1, each employee who has been employed for at least 1 year shall become entitled to 2 weeks of vacation. The Company does not recognize a liability for vacation pay at December 31 because an employee must be employed on January 1 to be eligible.

(1) Despite the requirement that the employee also be employed on January 1, the necessary service was completed in the preceding cost accounting period. If the other terms of the plan are such that in accordance with this Standard, Company E must recognize its vacation costs on the accrual basis, then in accordance with 30.408–50(b)(2), Company E must estimate its vacation costs as if the liability arose on December 31 rather than on the following January 1.

(2) Assume that Company E must comply with this Standard beginning on January 1, 1976. Assume that the employees of Company E earned $90,000 in vacation pay in 1975, all of which will be taken in 1976. Assume, further, that because of reduced employment levels, the employees of Company E will earn only $80,000 in vacation pay in 1976, $5,000 of which will be paid in 1976 because of layoffs. The following example illustrates the computation of vacation pay costs for Company E in 1976:

1976 beginning liability:	
With Standard (30.408–50(d)(1))	$90,000
Without Standard	0
Amount to be held in suspense (30.408–50(d)(1))	90,000
1976 ending liability	75,000
Plus: Paid in 1976	95,000
Subtotal	170,000
Less: 1976 beginning liability	90,000
1976 vacation cost, basic amount	80,000
Amount in suspense at beginning of 1976	90,000
Less: 1976 ending liability	75,000
Suspense to be written off in 1976; additional 1976 vacation cost (30.408–50(d)(3))	15,000
1976 basic vacation cost	80,000
Plus: 1976 reduction of suspense	15,000
1976 total vacation cost	95,000

(3) Assume, further, that all of the vacation entitlement which remained at December 31, 1976 ($75,000) is taken in 1977. Also, Company E hires a substantial number of additional employees in 1977, so that the amount of vacation entitlement earned in 1977 is $85,000. The following example illustrates the computation of vacation pay costs for Company E in 1977:

1977 ending liability	$85,000
Plus: Paid in 1977	75,000
Subtotal	160,000
Less: 1977 beginning liability	75,000
1977 vacation cost, basic amount	85,000
Amount in suspense at beginning of 1977[1]	75,000
1977 ending liability[1]	85,000
1977 basic vacation cost	85,000
Plus: 1977 reduction of suspense[1]	0
1977 total vacation cost	85,000

[1] Because the 1977 ending liability exceeds the amount in suspense at the beginning of 1977, there is no reduction of suspense in 1977.

(4) Assume further, that Company E goes out of business in 1978. All employees are terminated and paid both for the $85,000 vacation liability at the end of 1977 and an additional $40,000 earned in 1978. The following example illustrates the computation of vacation pay costs for Company E in 1978:

1978 ending liability	0
Plus: Paid in 1978	$125,000
Subtotal	125,000
Less: 1978 beginning liability	85,000
1978 vacation cost, basic amount	40,000
Amount in suspense at beginning of 1978	75,000
Less: 1978 ending liability	0
Suspense to be written off in 1978; additional 1978 vacation cost (30.408–50(d)(3))	75,000
1978 basic vacation cost	40,000
Plus: 1978 reduction in suspense	75,000
1978 total vacation cost	115,000

(f) All of the salary costs of Company F's salaried employees are charged to service, administrative, or overhead functions. No accounting entries are made to segregate costs of compensated personal absence of these employees from their other salary costs, although other records are maintained to control the total amount of such absences.

(1) This policy does not violate the requirement of 30.408–40(b) if such salaries are charged to overhead or indirect cost pools for subsequent allocation to final cost objectives over annually determined allocation bases which are appropriate for those pools.

(2) If the same policy were followed in the case of engineers whose salaries were directly allocated to two or more final cost objectives, or to both intermediate and final cost objectives, so that costs of compensated personal absence were charged directly to the jobs on which the individuals were working when paid, then this would violate the requirement of 30.408–40(b) that these costs be allocated among cost objectives on the basis of the costs of the entire cost accounting period. Only if all salaries were directly allocated to a single final cost objective, as might be the case with personnel assigned to an overseas base for the performance of a single contract, would this practice be in accord with that requirement.

(g) Company G determines a "charging rate" for each employee. The charging rate includes an allowance for compensated personal absence based on average experience. As the employee performs services, the related cost objectives are charged for the services at the charging rate, the employee is paid at his base rate, and the excess is credited to the accrued liability for each benefit. As benefits are paid, the costs are charged against the accrued liabilities. The amount of each accrued liability is adjusted at the end of the costs accounting period, and any difference is adjusted through appropriate overhead accounts in accordance with company policy.

(1) This method is not a violation of 30.408–40(b) if it results in allocating the estimated annual costs of compensated personal absence at a rate which reflects the anticipated costs of the entire cost accounting period.

(2) The computation itself must comply with the criteria of 30.408–40(a). For example, if the terms of the Company's sick leave plan are such that in accordance with this Standard, the costs should be recognized in the cost accounting period when they are paid, then the computation should be intended to amortize the expected costs of sick leave over the activity of that cost accounting period, leaving no accrued liability for sick leave at the end of the cost accounting period.

30.409 Cost accounting standard—depreciation of tangible capital assets.

30.409–10 [Reserved]

30.409–20 Purpose.

The purpose of this Standard is to provide criteria and guidance for assigning costs of tangible capital assets to cost accounting periods and for allocating such costs in cost objectives within such periods in an objective and consistent manner. The Standard is based on the concept that depreciation costs identified with cost accounting periods and benefiting cost objectives within periods should be a reasonable measure of the expiration of service potential of the tangible assets subject to depreciation. Adherence to this Standard should provide a systematic and rational flow of the costs of tangible capital assets to benefited cost objectives over the expected service lives of the assets. This Standard does not cover nonwasting assets or natural resources which are subject to depletion.

30.409–30 [Reserved]

30.409–40 Fundamental requirement.

(a) The depreciable cost of a tangible capital asset (or group of assets) shall be assigned to cost accounting periods in accordance with the following criteria:

(1) The depreciable cost of a tangible capital asset shall be its capitalized cost less its estimated residual value.

(2) The estimated service life of a tangible capital asset (or group of assets) shall be used to determine the cost accounting periods to which the depreciable cost will be assigned.

(3) The method of depreciation selected for assigning the depreciable cost of a tangible capital asset (or group of assets) to the cost accounting periods representing its estimated service life shall reflect the pattern of consumption of services over the life of the asset.

(4) The gain or loss which is recognized upon disposition of a tangible capital asset shall be assigned to the cost accounting period in which the disposition occurs.

(b) The annual depreciation cost of a tangible capital asset (or group of assets) shall be allocated to cost objectives for which it provides service in accordance with the following criteria:

(1) Depreciation cost may be charged directly to cost objectives only if such charges are made on the basis of usage and only if depreciation costs of all like assets used for similar purposes are charged in the same manner.

(2) Where tangible capital assets are part of, or function as, an organizational unit whose costs are charged to other cost objectives based on measurement of the services provided by the organizational unit, the depreciation cost of such assets shall be included as part of the cost of the organizational unit.

(3) Depreciation costs which are not allocated in accordance with subparagraph (b) (1) or (2) of this subsection, shall be included in appropriate indirect cost pools.

(4) The gain or loss which is recognized upon disposition of a tangible capital asset, where material in amount, shall be allocated in the same manner as the depreciation cost of the asset has been or would have been allocated for the cost accounting period in which the disposition occurs. Where such gain or loss is not material, the amount may be included in an appropriate indirect cost pool.

30.409–50 Techniques for application.

(a) Determination of the appropriate depreciation charges involves estimates both of service life and of the likely pattern of consumption of services in the cost accounting periods included in such life. In selecting service life estimates and in selecting depreciation methods, many of the same physical and economic factors should be considered. The following are among the factors which may be taken into account: quantity and quality of expected output, and the timing thereof; costs of repair and maintenance, and the timing thereof; standby or incidental use and the timing thereof; and technical or economic obsolescence of the asset (or group of assets), or of the product or service it is involved in producing.

(b) Depreciation of a tangible capital asset shall begin when the asset and any others on which its effective use depends are ready for use in a normal or acceptable fashion. However, where partial utilization of a tangible capital asset is identified with a specific operation, depreciation shall commence on any portion of the asset which is substantially completed and used for that operation. Depreciable spare parts which are required for the operation of such tangible capital assets shall be accounted for over the service life of the assets.

(c) A consistent policy shall be followed in determining the depreciable cost to be assigned to the beginning and ending cost accounting periods of asset use. The policy may provide for any reasonable starting and ending dates in computing the first and last year depreciable cost.

(d) Tangible capital assets may be accounted for by treating each individual asset as an accounting unit, or by combining two or more assets as a single accounting unit, provided such treatment is consistently applied over the service life of the asset or group of assets.

(e) Estimated service lives initially established for tangible capital assets (or groups of assets) shall be reasonable approximations of their expected actual periods of usefulness, considering the factors mentioned in paragraph (a) of this subsection. The estimate of the expected actual periods of usefulness need not include the additional period tangible capital assets are retained for standby or incidental use where adequate records are maintained which reflect the withdrawal from active use.

(1) The expected actual periods of usefulness shall be those periods which are supported by records of either past retirement or, where available, withdrawal from active use (and retention for standby or incidental use) for like assets (or groups of assets) used in similar circumstances appropriately modified for specifically identified factors expected to influence future lives. The factors which can be used to modify past experience include:

(i) Changes in expected physical usefulness from that which has been experienced such as changes in the quantity and quality of expected output.

(ii) Changes in expected economic usefulness, such as changes in expected technical or economic obsolescence of the asset (or group of assets), or of the product or service produced.

(2) Supporting records shall be maintained which are adequate to show the age at retirement or, if the contractor so chooses, at withdrawal from active use (and retention for standby or incidental use) for a sample of assets for each significant category. Whether assets are accounted for individually or by groups, the basis for estimating service life shall be predicated on supporting records of experienced lives for either individual assets or any reasonable grouping of assets as long as that basis is consistently used. The burden shall be on the contractor to justify estimated service lives which are shorter than such experienced lives.

(3) The records required in subparagraphs (e) (1) and (2) of this subsection, if not available on the date when the requirements of this Standard must first be followed by a contractor, shall be developed from current and historical fixed asset records and be available following the second fiscal year after that date. They shall be used as a basis for estimates of service lives of tangible capital assets acquired thereafter. Estimated service lives used for financial accounting purposes (or other accounting purposes where depreciation is not recorded for financial accounting purposes for some non-commercial organizations), if not unreasonable under the criteria specified in paragraph (e) of this subsection, shall be used until adequate supporting records are available.

(4) Estimated service lives for tangible capital assets for which the contractor has no available data or no prior experience for similar assets shall be established based on a projection of the expected actual period of usefulness, but shall not be less than asset guideline periods (mid-range) established for asset guideline classes under the Revenue Procedure 72–10 published by the Internal Revenue Service, and any additions, supplements or revisions thereto, which are in effect as of the first day of the cost accounting period in which the assets are acquired. Use of this alternative procedure shall cease as soon as the contractor is able to develop estimates which are appropriately supported by his own experience.

(5) The contracting parties may agree on the estimated service life of individual tangible capital assets where the unique purpose for which the equipment was acquired or other special circumstances warrant a shorter estimated service life than the life determined in accordance with the other provisions of this 30.409–50(e) and where the shorter life can be reasonably predicted.

(f) (1) The method of depreciation used for financial accounting purposes (or other accounting purposes where depreciation is not recorded for financial accounting purposes) shall be used for contract costing unless (i) such method does not reasonably reflect the expected consumption of services for the tangible capital asset (or group of assets) to which applied, or (ii) the method is unacceptable for Federal income tax purposes. If the contractor's method of depreciation used for financial accounting purposes (or other accounting purposes as provided above) does not reasonably reflect the expected consumption of services or is unacceptable for Federal income tax purposes, he shall establish a method of depreciation for contract costing which meets these criteria, in accordance with subparagraph (f)(3) of this subsection.

(2) After the date of initial applicability of this Standard, selection of methods of depreciation for newly acquired tangible capital assets, which are different from the methods currently being used for like assets in similar circumstances, shall be supported by projections of the expected consumption of services of those assets (or groups of assets) to which the different methods of depreciation shall apply. Support in accordance with subparagraph (f)(3) of this subsection shall be based on the expected consumption of services of either individual assets or any reasonable grouping of assets as long as the basis selected for grouping assets is consistently used.

(3) The expected consumption of asset services over the estimated service life of a tangible capital asset (or group of assets) is influenced by the factors mentioned in paragraph (a) of this subsection which affect either potential activity or potential output of the asset (or group of assets). These factors may be measured by the expected activity or the expected physical output of the assets, as for example: hours of operation, number of operations performed, number of units produced, or number of miles traveled. An acceptable surrogate for expected activity or output might be a monetary measure of that activity or output generated by use of tangible capital assets, such as estimated labor dollars, total cost incurred or total revenues, to the extent that such monetary measures can reasonably be related to the usage of specific tangible capital assets (or groups of assets). In the absence of reliable data for the measurement or estimation of the consumption of asset services by the techniques mentioned, the expected consumption of services may be represented by the passage of time. The appropriate method of depreciation should be selected as follows:

(i) An accelerated method of depreciation is appropriate where the expected consumption of asset services is significantly greater in early years of asset life.

(ii) The straight-line method of depreciation is appropriate where the expected consumption of asset services is reasonably level over the service life of the asset (or group of assets).

(g) The estimated service life and method of depreciation to be used for an original complement of low-cost equipment shall be based on the expected consumption of services over the expected useful life of the

complement as a whole and shall not be based on the individual items which form the complement.

(h) Estimated residual values shall be determined for all tangible capital assets (or groups of assets). For tangible personal property, only estimated residual values which exceed ten percent of the capitalized cost of the asset (or group of assets) need be used in establishing depreciable costs. Where either the declining balance method of depreciation or the class life asset depreciation range system is used consistent with the provisions of this Standard, the residual value need not be deducted from capitalized cost to determine depreciable costs. No depreciation cost shall be charged which would significantly reduce book value of a tangible capital asset (or group of assets) below its residual value.

(i) Estimates of service life, consumption of services, and residual value shall be reexamined for tangible capital assets (or groups of assets) whenever circumstances change significantly. Where changes are made to the estimated service life, residual value, or method of depreciation during the life of a tangible capital asset, the remaining depreciable costs for cost accounting purposes shall be limited to the undepreciated cost of the assets and shall be assigned only to the cost accounting period in which the change is made and to subsequent periods.

(j) (1) Gains and losses on disposition of tangible capital assets shall be considered as adjustments of depreciation costs previously recognized and shall be assigned to the cost accounting period in which disposition occurs except as provided in subparagraphs (j) (2) and (3) of this subsection. The gain or loss for each asset disposed of is the difference between the net amount realized, including insurance proceeds in the event of involuntary conversion, and its undepreciated balance. However, the gain to be recognized for contract costing purposes shall be limited to the difference between the original acquisition cost of the asset and its undepreciated balance.

(2) Gains and losses on the disposition of tangible capital assets shall not be recognized where:

(i) Assets are grouped and such gains and losses are processed through the accumulated depreciation account, or,

(ii) the asset is given in exchange as part of the purchase price of a similar asset and the gain or loss is included in computing the depreciable cost of the new asset. Where the disposition results from an involuntary conversion and the asset is replaced by a similar asset, gains and losses may either be recognized in the period of disposition or used to adjust the depreciable cost base of the new asset.

(3) The contracting parties may account for gains and losses arising from mass or extraordinary dispositions in a manner which will result in treatment equitable to all parties.

(4) Gains and losses on disposition of tangible capital assets transferred in other than an arms-length transaction and subsequently disposed of within 12 months from the date of transfer shall be assigned to the transferor.

(k) Where, in accordance with 30.409–40(b)(1), the depreciation costs of like tangible capital assets used for similar purposes are directly charged to cost objectives on the basis of usage, average charging rates based on cost shall be established for the use of such assets. Any variances between total depreciation cost charged to cost objectives and total depreciation cost for the cost accounting period shall be accounted for in accordance with the contractor's established practice for handling such variances.

(l) Practices for determining depreciation methods, estimated service lives and estimated residual values need not be changed for assets acquired prior to compliance with this Standard if otherwise acceptable under applicable procurement regulations. However, if changes are effected such changes must conform to the criteria established in this Standard and may be effected on a prospective basis to cover the undepreciated balance of cost by agreement between the contracting parties pursuant to negotiation under (a)(4)(B) or (C) of the Contract Clause set out at FAR 52.230–3.

30.409–60 Illustrations.

The following examples are illustrative of the provisions of this Standard.

(a) X, Y, and Z companies purchase identical milling machines to be used for similar purposes.

(1) Company X estimates service life for tangible capital assets on a individual asset basis. Its experience with similar machines is that the average replacement period is 14 years. Under the provisions of the Standard, Company X shall use the estimated service life of 14 years for the milling machine unless it can demonstrate changed circumstances or new circumstances to support a different estimate.

(2) Company Y estimates service life for tangible capital assets by grouping assets of the same general kind and with similar service lives. Accordingly, all machine tools are accounted for as a single group. The average replacement life for machine tools for Company Y is 12 years. In accordance with the provisions of the Standard, Company Y shall use a life of 12 years for the acquisition unless it can support a different estimate for the entire group.

(3) Company Z estimates service life for tangible capital assets by grouping assets according to use without regard to service lives. Accordingly, all machinery and equipment is accounted for as a single group. The average replacement life for machinery and equipment in Company Z is 10 years. In accordance with the provisions of the Standard, Company Z shall use an estimated service life of ten years for the acquisition unless it can support a different estimate for the entire group.

(b) Company X desires to charge depreciation of the milling machine described in paragraph (a) of this subsection, directly to final cost objectives. Usage of the milling machine can be measured readily based on hours of operation. Company X may charge depreciation cost directly on a unit of time basis provided he uses one depreciation charging rate for all like milling machines in the machine shop and charges depreciation for all such milling machines directly to benefiting cost objectives.

(c) A contractor acquires, and capitalizes as an asset accountability unit, a new lathe. The estimated service life is 10 years for the lathe. He acquires, and capitalizes as an original complement of low-cost equipment related to the lathe, a collection of tool holders, chucks, indexing heads, wrenches, and the like. Although individual items comprising the complement have an average life of six years, replacements of these items will be made as needed and, therefore, the expected useful life of the complement is equal to the life of the lathe. An estimated service life of 10 years should be used for the original complement.

(d) A contractor acquires a test facility with an estimated physical life of ten years, to be used on contracts for a new program. The test facility was acquired for $5 million. It is expected that the program will be completed in 6 years and the test facility acquired is not expected to be required for other products of the contractor. Although the facility will last 10 years, the contracting parties may agree in advance to depreciate the facility over 6 years.

(e) Contractor acquires a building by donation from its local Government. The building had been purchased new by another company and subsequently

acquired by the local Government. Contractor capitalizes the building at its fair value. Under the Standard the depreciable cost of the asset based on that value may be accounted for over its estimated service life and allocated to cost objectives in accordance with contractor's cost allocation practices.

(f) A major item of equipment which was acquired prior to the applicability of this Standard was estimated, at acquisition, to have a service life of 12 years and a residual value of no more than 10 percent of acquisition cost. After 4 years of service, during which time this Standard has become applicable, a change in the production situation results in a well-supported determination to shorten the estimated service life to a total of 7 years. The revised estimated residual value is 15 percent of acquisition cost. The annual depreciation charges based on this particular asset will be appropriately increased to amortise the remaining cost, less the current estimate of residual value, over the remaining 3 years of expected usefulness. This change is not a change of cost accounting practice, but a correction of numeric estimates. The requirement of 30.409-50(l) for an adjustment pursuant to subdivision (a)(4)(ii) or (iii) of the CAS clause does not apply.

(g) The support required by 30.409-50(e) can, in all likelihood, be derived by sampling from almost any reasonable fixed asset records. Of course, the more complete the data in the records which are available, the more confidence there can be in determinations of asset service lives. The following descriptions of sampling methods are illustrations of techniques which may be useful even with limited fixed asset records.

(1) A company maintains an inventory of assets in use. The company should select a sampling time period which, preferably, is significantly longer than the anticipated life of the assets for which lives are to be established. Of course, the inventory must be available for each year in the sampling time period. The company would then select a random sample of items in each year except the most recent year of the time period. Each item in the sample would be compared to the subsequent year's inventory to determine if the asset is still in service; if not, then the asset had been retired in the year from which the sample was drawn. The item is then traced to prior year inventories to determine the year in which acquired.

Note: Sufficient items must be drawn in each year to ensure an adequate sample.

(2) A company maintains an inventory of assets in use and also has a record of retirements. In this case the company does not have to compare the sample to subsequent years to determine if disposition has occurred. As in Example (1) above, the sample items are traced to prior years to determine the year in which acquired.

(3) A company maintains retirement records which show acquisition dates. The company should select a sampling time period which, preferably, is significantly longer than the anticipated life of the assets for which lives are to be estimated. The company would then select a random sample of items retired in each year of the sampling time period and tabulate age at retirement.

(4) A company maintains only a record of acquisitions for each year. The company should select a random sample of items acquired in the most recent complete year and determine from current records or observations whether each item is currently in service. The acquisitions of each prior year should be sampled in turn to determine if sample items are currently in service. This sampling should be performed for a time period significantly longer than the anticipated life of assets for which the lives are to be established, but can be discontinued at the point at which sample items no longer appear in current use. From the data obtained, mortality tables can be constructed to determine average asset life.

(5) A company does not maintain accounting records on fully depreciated assets. However, property records are maintained, and such records are retained for 3 years after disposition of an asset in groups by year of disposition. An analysis of these retirements may be made by selecting the larger dollar items for each category of assets for which lives are to be determined (for example, at least 75 percent of the acquisition values retired each year). The cases cited above are only examples and many other examples could have been used. Also, in any example, a company's individual circumstances must be considered in order to take into account possible biased results because of changes in organizations, products, acquisition policies, economic factors, etc. The results from example (g)(5) of this subsection, for instance, might be substantially distorted if the 3 year period was unusual with respect to dispositions. Therefore, the examples are illustrative only and any sampling performed in compliance with this Standard should take into account all relevant information to ensure that reasonable results are obtained.

30.410 Allocation of business unit general and administrative expenses to final cost objectives.

30.410-10 [Reserved]

30.410-20 Purpose.

The purpose of this Cost Accounting Standard is to provide criteria for the allocation of business unit general and administrative (G&A) expenses to business unit final cost objectives based on their beneficial or causal relationship. These expenses represent the cost of the management and administration of the business unit as a whole. The Standard also provides criteria for the allocation of home office expenses received by a segment to the cost objectives of that segment. This Standard will increase the likelihood of achieving objectivity in the allocation of expenses to final cost objectives and comparability of cost data among contractors in similar circumstances.

30.410-30 [Reserved]

30.410-40 Fundamental requirement.

(a) Business unit G&A expenses shall be grouped in a separate indirect cost pool which shall be allocated only to final cost objectives.

(b) (1) The G&A expense pool of a business unit for a cost accounting period shall be allocated to final cost objectives of that cost accounting period by means of a cost input base representing the total activity of the business unit except as provided in subparagraph (b)(2) of this subsection. The cost input base selected shall be the one which best represents the total activity of a typical cost accounting period.

(2) The allocation of the G&A expense pool to any particular final cost objectives which receive benefits significantly different from the benefits accruing to other final cost objectives shall be determined by special allocation (30.410-50(j)).

(c) Home office expenses received by a segment shall be allocated to segment cost objectives as required by 30.410-50(g).

(d) Any costs which do not satisfy the definition of G&A expense but which have been classified by a business unit as G&A expenses, can remain in the G&A expense pool unless they can be allocated to business unit cost objectives on a beneficial or causal relationship which is best measured by a base other than a cost input base.

30.410-50 Techniques for application.

(a) G&A expenses of a segment incurred by another segment shall be

removed from the incurring segment's G&A expense pool. They shall be allocated to the segment for which the expenses were incurred on the basis of the beneficial or causal relationship between the expenses incurred and all benefiting or causing segments. If the expenses are incurred for two or more segments, they shall be allocated using an allocation base common to all such segments.

(b) The G&A expense pool may be combined with other expenses for allocation to final cost objectives provided that—

(1) The allocation base used for the combined pool is appropriate both for the allocation of the G&A expense pool under this Standard and for the allocation of the other expenses; and

(2) Provision is made to identify the components and total of the G&A expense pool separately from the other expenses in the combined pool.

(c) Expenses which are not G&A expenses and are insignificant in amount may be included in the G&A expense pool for allocation to final cost objectives.

(d) The cost input base used to allocate the G&A expense pool shall include all significant elements of that cost input which represent the total activity of the business unit. The cost input base selected to represent the total activity of a business unit during a cost accounting period may be—total cost input, value-added cost input, or single element cost input. The determination of which cost input base best represents the total activity of a business unit must be judged on the basis of the circumstances of each business unit.

(1) A total cost input base is generally acceptable as an appropriate measure of the total activity of a business unit.

(2) Value-added cost input shall be used as an allocation base where inclusion of material and subcontract costs would significantly distort the allocation of the G&A expense pool in relation to the benefits received, and where costs other than direct labor are significant measures of total activity. A value-added cost input base is total cost input less material and subcontract costs.

(3) A single element cost input base; e.g., direct labor hours or direct labor dollars, which represents the total activity of a business unit may be used to allocate the G&A expense pool where it produces equitable results. A single element base may not produce equitable results where other measures of activity are also significant in relation to total activity. A single element base is inappropriate where it is an insignificant part of the total cost of some of the final cost objectives.

(e) Where, prior to the effective date of this Standard, a business unit's disclosed or established cost accounting practice was to use a cost of sales or sales base, that business unit may use the transition method set out in Appendix A hereof.

(f) Cost input shall include those expenses which by operation of this Standard are excluded from the G&A expense pool and are not part of a combined pool of G&A expenses and other expenses allocated using the same allocation base.

(g) (1) Allocations of the home office expenses of (i) line management of particular segments or groups of segments, (ii) residual expenses, and (iii) directly allocated expenses related to the management and administration of the receiving segment as a whole shall be included in the receiving segment's G&A expense pool.

(2) Any separate allocation of the expenses of home office (i) centralized service functions, (ii) staff management of specific activities of segments, and (iii) central payments or accruals, which is received by a segment shall be allocated to the segment cost objectives in proportion to the beneficial or causal relationship between the cost objectives and the expense if such allocation is significant in amount. Where a beneficial or causal relationship for the expense is not identifiable with segment cost objectives, the expense may be included in the G&A expense pool.

(h) Where a segment performs home office functions and also performs as an operating segment having a responsibility for final cost objectives, the expense of the home office functions shall be segregated. These expenses shall be allocated to all benefiting or causing segments, including the segment performing the home office functions, pursuant to disclosed or established accounting practices for the allocation of home office expenses to segments.

(i) For purposes of allocating the G&A expense pool, items produced or worked on for stock or product inventory shall be accounted for as final cost objectives in accordance with the following paragraphs:

(1) Where items are produced or worked on for stock or product inventory in a given cost accounting period, the cost input to such items in that period shall be included only once in the computation of the G&A expense allocation base and in the computation of the G&A expense allocation rate for that period and shall not be included in the computation of the base or rate for any other cost accounting period.

(2) A portion of the G&A expense pool shall be allocated to items produced or worked on for stock or product inventory in the cost accounting period or periods in which such items are produced at the rates determined for such periods except as provided in subparagraph (i)(3) of this subsection.

(3) Where the contractor does not include G&A expense in inventory as part of the cost of stock or product inventory items, the G&A rate of the cost accounting period in which such items are issued to final cost objectives may be used to determine the G&A expenses applicable to issues of stock or product inventory items.

(j) Where a particular final cost objective in relation to other final cost objectives receives significantly more or less benefit from G&A expense than would be reflected by the allocation of such expenses using a base determined pursuant to paragraph (d) of this subsection, the business unit shall account for this particular final cost objective by a special allocation from the G&A expense pool to the particular final cost objective commensurate with the benefits received. The amount of a special allocation to any such final cost objective shall be excluded from the G&A expense pool required by 30.410–40(a), and the particular final cost objective's cost input data shall be excluded from the base used to allocate this pool.

30.410–60 Illustrations.

(a) Business Unit A has been including the cost of scientific computer operations in its G&A expense pool. The scientific computer is used predominately for research and development, rather than for the management and administration of the business unit as a whole. The costs of the scientific computer operation do not satisfy the Standard's definition of G&A expense; however, they may remain in the G&A expense pool unless they can be allocated to business unit cost objectives on a beneficial or causal relationship which is best measured by a base other than a cost input base representing the total activity of a business unit during a cost accounting period.

(b) Segment B performs a budgeting function, the cost of which is included in its G&A expense pool. This function includes the preparation of budgets for another segment. The cost of preparing the budgets for the other segment should be removed from B's G&A expense pool and transferred to the other segment.

(c) (1) Business Unit C has a personnel function which is divided into two parts

(i) a vice president of personnel who establishes personnel policy and overall guidance, and (ii) a personnel department which handles hirings, testing, evaluations, etc. The expense of the vice president is included in the G&A expense pool. The expense of the personnel department is allocated to the other indirect cost pools based on the beneficial or causal relationship between that expense and the indirect cost pools. This procedure is in compliance with the requirements of this Standard.

(2) Unit C has included selling costs as part of its G&A expense pool. Business Unit C wishes to continue to include selling costs in its G&A expense pool. Under the provisions of this Standard, Unit C may continue to include selling costs in its G&A pool, and these costs will be allocated over a cost input base selected in accordance with the provisions of 30.410–50(d).

(3) Business Unit C has included IR&D and B&P costs in its G&A expense pool. Unit C has used a cost of sales base to allocate its G&A expense pool. As of January 1, 1978 (assumed for purposes of this illustration), the date on which Unit C must first allocate its G&A expense pool in accordance with the requirements of this Standard, Unit C has among its final cost objectives several cost reimbursement contracts and fixed price contracts subject to the CAS clause (referred to as the pre-existing contracts). If Unit C chooses to use the transition method in 30.410–50(e):

(i) Unit C shall allocate IR&D and B&P costs during the transition period (from January 1, 1978, to and including the cost accounting period during which the pre-existing contracts are completed), to the pre-existing contracts as part of its G&A expense pool using a cost of sales base pursuant to 30.410–50(e) and Appendix A.

(ii) During the transition period such costs, as part of the G&A expense pool, shall be allocated to new cost reimbursement contracts and new fixed price contracts subject to the CAS clause using a cost input base as required by 30.410–50 (d) and (e) and Appendix A.

(iii) Beginning with the cost accounting period after the transition period the IR&D and B&P costs, as part of the G&A expense pool, shall be allocated to all final cost objectives using a cost input base as required by 30.410–50(d). If Unit C chooses not to use the transition method in 30.410–50(e), the contractual provision requiring appropriate equitable adjustment of the prices of affected prime contracts and subcontracts will be implemented.

(4) Business Unit C has accounted for and allocated IR&D and B&P costs in a cost pool separate and apart from the G&A expense pool, Unit C may continue to account for these costs in a separate cost pool under the provision of this Standard. If Unit C is to use a total cost input base, these costs when accounted for and allocated in a cost pool separate and apart from the G&A expense pool will become part of the total cost input base used by Unit C to allocate the G&A expense pool.

(5) Business Unit C has included selling costs as part of its G&A expense pool. Unit C has used a cost of sales base to allocate the G&A expense pool. Unit C desires to continue to allocate selling costs using the costs of sales base. Under the provisions of this Standard, Unit C would account for selling costs as a cost pool separate and apart from the G&A expense pool, and continue to allocate these costs over a cost of sales base. If Unit C uses a total cost input base to allocate the G&A expense pool, the selling costs will become part of the total cost input base.

(d) (1) Business Unit D has accounted for selling costs in a cost pool separate and apart from its G&A expense pool and has allocated these costs using a cost of sales base. Under the provisions of this Standard, Unit D may continue to account for those costs in a separate pool and allocate them using a cost of sales base. Unit D has a total cost input base to allocate its G&A expense pool. The selling costs will become part of the cost input base used by Unit D to allocate the G&A expense pool.

(2) During a cost accounting period, Business Unit D buys $2,000,000 of raw materials. At the end of that cost accounting period, $500,000 of raw materials inventory have not been charged out to contracts or other cost objectives. The $500,000 of raw materials are not part of the total cost input base for the cost accounting period, because they have not been charged to the production of goods and services during that period. If all of the $2,000,000 worth of raw material had been charged to cost objectives during the cost accounting period, the cost input base for the allocation of the G&A expense pool would include the entire $2,000,000.

(3) Business Unit D manufactures a variety of testing devices. During a cost accounting period, Unit D acquires and uses a small building, constructs a small production facility using its own resources, and keeps for its own use one unit of a testing device that it manufactures and sells to its customers. The acquisition cost of the building is not part of the total cost input base; however, the depreciation taken on the building would be part of the total cost input base. The costs of construction of the small production facility are not part of the total cost input base. The requirements of 30.404 provide that those G&A expenses which are identifiable with the constructed asset and are material in amount shall be capitalized as part of the cost of the production facility. If there are G&A expenses material in amount and identified with the constructed asset, these G&A expenses would be removed from the G&A expense pool prior to the allocation of this pool to final cost objectives. The cost of the testing device shall be part of the total cost input base per the requirements of 30.404 which provides that the costs of constructed assets identical with the contractor's regular product shall include a full share of indirect cost.

(e) (1) Business Unit E produces Item Z for stock or product inventory. The business unit does not include G&A expense as part of the inventory cost of these items for costing or financial reporting purposes. A production run of these items occurred during Cost Accounting Period 1. A number of the units produced were not issued during Period 1 and are issued in Period 2. However, those units produced in Period 1 shall be included in the cost input of that period for calculating the G&A expense allocation base and shall not be included in the cost input of Period 2.

(2) Business Unit E should apply the G&A expense rate of Period 1 to those units of Item Z issued during Period 1 and may apply the rate of Period 2 to the units issued in Period 2.

(3) If the practice of Business Unit E is to include G&A expense as part of the cost of stock or product inventory, the inventory cost of all units of Item Z produced in Period 1 and remaining in inventory at the end of Period 1, should include G&A expense using the G&A rate of Period 1.

(f) (1) Business Unit F produced Item X for stock or product inventory. The business unit does not include G&A expense as part of the inventory cost of these items. A production run of these items was started, finished, and placed into inventory in a single cost accounting period. These items are issued during the next cost accounting period.

(2) The cost of items produced for stock or product inventory should be included in the G&A base in the same year they are produced. The cost of such items is not to be included in the G&A base on the basis of when they are issued to final cost objectives.

Therefore, the time of issuance of these items from inventory to a final cost objective is irrelevant in computing the G&A base.

(g) The normal productive activity of Business Unit G includes the construction of base operating facilities for others. G uses a total cost input base to allocate G&A expense to final cost objectives. As part of a contract to construct an operating facility, G agrees to acquire a large group of trucks and other mobile equipment to equip the base operating facility. G does not usually supply such equipment. The cost of the equipment constitutes a significant part of the contract cost. A special G&A allocation to this contract shall be agreed to by the parties if they agree that in the circumstances the contract as a whole receives substantially less benefit from the G&A expense pool than that which would be represented by a cost allocation based on inclusion of the contract cost in the total cost input base.

(h) (1) The home office of Segment H separately allocates to benefiting or causing segments significant home office expenses of (i) staff management functions relative to manufacturing, (ii) staff management functions relative to engineering, (iii) central payment of health insurance costs, and (iv) residual expenses. H receives these expenses as separate allocations. H maintains three indirect cost pools: (i) G&A expense, (ii) manufacturing overhead, and (iii) engineering overhead; all home office expenses allocated to H are included in H's G&A expense pool.

(2) This accounting practice of H does not comply with 30.410–50(g)(2). Home office residual expenses should be in the G&A expense pool, and the expenses of the staff management functions relative to manufacturing and engineering should be included in the manufacturing overhead and engineering overhead pools, respectively. The health insurance costs should be allocated in proportion to the beneficial and causal relationship between these costs and H's cost objectives.

Appendix A to 30.410—Transition From a Cost of Sales or Sales Base to a Cost Input Base

A business unit may use the method described below for transition from the use of a cost of sales or sales base to a cost input base.

(1) Calculate the cost of sales or sales base in accordance with the cost accounting practice disclosed or established prior to the date established by 30.410–80(b) of this Cost Accounting Standard.

(2) Calculate the G&A expense allocation rate using the base determined in subparagraph (1) of this Appendix and use that rate to allocate from the G&A expense pool to the final cost objectives which were in existence prior to the date on which the business unit must first allocate costs in accordance with the requirements of this Cost Accounting Standard.

(3) Calculate a cost input base in compliance with 30.410–50(d) of this Appendix.

(4) Calculate the G&A expense rate using the base determined in subparagraph (3) of this Appendix and use that rate to allocate from the G&A expense pool to those final cost objectives which arise under contracts entered into on or after the date on which the business unit must first allocate costs in accordance with the requirements of this Cost Accounting Standard.

(5) The calculations set forth in paragraphs (1)–(4) of this Appendix shall be performed for each cost accounting period during which final cost objectives described in (2) are being performed.

(6) The business unit shall establish an inventory suspense account. The amount of the inventory suspense account shall be equal to the beginning inventory of contracts subject to the CAS clause of the cost accounting period in which the business unit must first allocate costs in accordance with the requirements of this Cost Accounting Standard.

(7) In any cost accounting period, after the cost accounting periods described in (5) of this Appendix, if the ending inventory of contracts subject to the CAS clause is less than the balance of the inventory suspense account, the business unit shall calculate two G&A expense allocation rates, one to allocate G&A expenses to contracts subject to the CAS clause and one applicable to other work.

(a) The G&A expense pool shall be divided in the proportion which the cost input of the G&A expense allocation base of the contracts subject to the CAS clause bears to the total of the cost input allocation base, selected in accordance with 30.410–50(d), for the cost accounting period.

(b) The G&A expenses applicable to contracts subject to the CAS clause shall be reduced by an amount determined by multiplying the difference between the balance of the inventory suspense account and the ending inventory of contracts subject to the CAS clause by the cost of sales rate, as determined under (1) of this Appendix, of the cost accounting period in which a business unit must first allocate costs in accordance with the requirements of this Cost Accounting Standard.

(8) In any cost accounting period in which such a reduction is made, the balance of the inventory suspense account shall be reduced to be equal to the ending inventory of contracts subject to the CAS clause of that cost accounting period.

* * * * *

The following illustrates how a business unit would use this transition method.

1. Business Unit R has been using a cost of sales base to allocate its G&A expense pool to final cost objectives. Unit R uses a calendar year as its cost accounting period. On October 1, 1976 (assumed for purposes of this illustration) Cost Accounting Standard 410 becomes effective. On October 2, 1976, Unit R receives a 3-year contract containing the Cost Accounting Standards clause. As a result, Unit R must comply with the requirements of the Standard in the cost accounting period beginning in January 1978.

As of January 3, 1978, Business Unit R has the following contracts:

(1) Contract I—A 4-year contract awarded in January, 1975.

(2) Contract II—A 3-year contract which was negotiated in March 1976, and was awarded on October 2, 1976.

(3) Contract III—A 4-year contract awarded on January 2, 1978.

If Business Unit R chooses to use the transition method provided in 30.410–50(e), it will allocate the G&A expense pool to these contracts as follows:

(a) Contract I—Since Contract I was in existence prior to January 1, 1978, the G&A expense pool shall be allocated to it using a cost of sales base as provided in 30.410–50(e).

(b) Contract II—Since this contract was in existence prior to January 1, 1978, the G&A expense pool shall be allocated to it using a cost of sales base as provided in 30.410–50(e).

(c) Contract III—Since this contract was awarded after January 1, 1978, the G&A expense pool shall be allocated to this contract using a cost input base.

Having chosen to use 30.410–50(e), Business Unit R will use the transition method of allocating the G&A expense pool to final cost objectives until all contracts awarded prior to January 1, 1978, are completed (1979 if the contracts are completed on schedule). Beginning with the cost accounting period subsequent to that time, 1980, Unit R will use a cost input base to allocate the G&A expense pool to all cost objectives. Unit R will also carry forward an inventory suspense account in accordance with the requirements of this Standard.

2.A. Business Unit N is first required to allocate its costs in accordance with the requirements of 30.410 during the fiscal year beginning January 1, 1978. Unit N has used a cost of sales base to allocate its G&A expense pool.

During the years 1978, 1979, 1980, Business Unit N reported the following data:

	Contracts prior to Jan. 1, 1978				Contracts after Jan. 1, 1978		
	Total	Non-CAS work	CAS-fixed price work	CAS-cost contracts	Non-CAS work	CAS-fixed price work	CAS-cost contracts
Year 1978:							
Beginning inventory	$500	300	200	0	0	0	0
Cost input	+3000	400	600	700	500	500	300
Total	3500	700	800	700	500	500	300
Cost of sales	−3000	600	550	700	450	400	300
Ending inventory	500	100	250	0	50	100	0
Year 1979:							
Beginning inventory	500	100	250	0	50	100	0
Cost input	+3000	400	600	700	500	500	300
Total	3500	500	850	700	550	600	300
Cost of sales	−2500	450	650	700	150	250	300
Ending inventory	1000	50	200	0	400	350	0
Year 1980:							
Beginning inventory	1000	50	200	0	400	350	0
Cost input	+3000	400	600	700	500	500	300
Total	4000	450	800	700	900	850	300
Cost of sales	−3250	450	800	700	450	550	300
Ending inventory	750	0	0	0	450	300	0

NOTES:
Operating data is in thousands of dollars.
G. & A. expense $375,000 in accordance with the requirements of this standard.

Work existing prior to January 1, 1978, may include—

(1) Government contracts which contain the CAS clause;

(2) Government contracts which do not contain the CAS clause;

(3) Contracts other than Government contracts or customer orders; and

(4) Production not specifically identified with contracts or customer orders under production or work orders existing prior to the date on which a business unit must first allocate its costs in compliance with this Standard and which are limited in time or quantity.

Production under standing or unlimited work orders, continuous flow processes and the like, not identified with contracts or customer orders are to be treated as final cost objectives awarded after the date on which a business unit must first allocate its costs in compliance with the requirements of this Standard.

Business Unit N may allocate the G&A expense pool as follows:

[In dollars]

	Year 1978		Year 1979		Year 1980	
1. G. & A. expense pool		375		375		375
Cost of sales rate	375/3,000=	.125	375/2,500=	.15	375/3,250=	.115
Cost input rate	375/3,000=	.125	375/3,000=	.125	375/3,000=	.125
2. G. & A. allocations:						
Prior contracts:						
Non-CAS work	600×0.125=	75.00	450×0.15=	67.50	450×0.115=	51.75
CAS-fixed price work	550×0.125=	68.75	650×0.15=	97.50	800×0.115=	92.00
CAS-cost contracts	700×0.125=	87.50	700×0.15=	105.00	700×0.115=	80.50
After contracts:						
Non-CAS work	500×0.125=	62.50	500×0.125=	62.50	500×0.125=	62.50
CAS-fixed price work	500×0.125=	62.50	500×0.125=	62.50	500×0.125=	62.50
CAS-cost contracts	300×0.125=	37.50	300×0.125=	37.50	300×0.125=	37.55
3. Inventory suspense account[1]		393.75		432.50		386.80
G. & A. rate applicable		200 .125				

[1] Beginning inventory of contracts subject to the CAS clause, January 1978.

2.B. In cost accounting period 1982, Business Unit N has an ending inventory of contracts subject to the CAS clause of $100,000. This is the first cost accounting period after the transition in which the amount of the ending inventory is less than the amount of the inventory suspense account. During this cost accounting period, Business Unit N had G&A expenses of $410,000 and cost input of $3,500,000; $1,500,000 applicable to contracts subject to the CAS clause and $2,000,000 applicable to other work.

Business Unit N would compute its G&A expense allocation rate applicable to contracts subject to the CAS clause as follows:

(1) Amount of inventory suspense account	$200,000
Amount of ending inventory	100,000
Difference	100,000
G. & A. rate applicable (see 2.A. above)	×0.125
Adjustment to G. & A. expense applicable to contracts subject to the CAS clause	12,500
(2) G. & A. expense pool	410,000
G. & A. expenses applicable to contracts subject to the CAS clause ($1,500,000/$3,500,000 ×$410,000)	175,890
G. & A. expenses applicable to other work	234,110
(3) G. & A. expenses applicable to contracts subject to the CAS clause	175,890
Adjustment to G. & A. expenses applicable to contracts subject to the CAS clause	−12,500
G. & A. expenses allocable to contracts subject to the CAS clause	163,390

(4) G. & A. expense allocation rate applicable to contracts subject to the CAS clause for cost accounting period 1982—$163,390/$1,500,000=0.109.

The amount of the inventory suspense account would be reduced to $100,000.

30.411 Cost accounting standard—accounting for acquisition costs of material.

30.411-10 [Reserved]

30.411-20 Purpose.

(a) The purpose of this Cost Accounting Standard is to provide criteria for the accounting for acquisition costs of material. The Standard includes provisions on the use of inventory costing methods. Consistent application of this Standard will improve the measurement and assignment of costs to cost objectives.

(b) This Cost Accounting Standard does not cover accounting for the acquisition costs of tangible capital assets nor accountability for Government-furnished materials.

30.411-30 [Reserved]

30.411-40 Fundamental requirement.

(a) The contractor shall have, and consistently apply, written statements of accounting policies and practices for accumulating the costs of material and for allocating costs of material to cost objectives.

(b) The cost of units of a category of material may be allocated directly to a cost objective provided the cost objective was specifically identified at the time of purchase or production of the units.

(c) The cost of material which (1) is used solely in performing indirect functions, or (2) is not a significant element of production cost, whether or not incorporated in an end product, may be allocated to an indirect cost pool. When significant, the cost of such indirect material not consumed in a cost accounting period shall be established as an asset at the end of the period.

(d) Except as provided in paragraphs (b) and (c) of this subsection, the cost of a category of material shall be accounted for in material inventory records.

(e) In allocating to cost objectives the costs of a category of material issued from company-owned material inventory, the costing method used shall be selected in accordance with the provisions of 30.411-50, and shall be used in a manner which results in systematic and rational costing of issues of material to cost objectives. The same costing method shall, within the same business unit, be used for similar categories of materials.

30.411-50 Techniques for application.

(a) Material cost shall be the acquisition cost of a category of material, whether or not a material inventory record is used. The purchase price of material shall be adjusted by extra charges incurred or discounts and credits earned. Such adjustments shall be charged or credited to the same cost objective as the purchase price of the material, except that where it is not practical to do so, the contractor's policy may provide for the consistent inclusion of such charges or credits in an appropriate indirect cost pool.

(b) One of the following inventory costing methods shall be used when issuing material from a company-owned inventory:

(1) The first-in, first-out (FIFO) method.

(2) The moving average cost method.

(3) The weighted average cost method.

(4) The standard cost method.

(5) The last-in, first-out (LIFO) method.

(c) The method of computation used for any inventory costing method selected pursuant to the provisions of this Standard shall be consistently followed.

(d) Where the excess of the ending inventory over the beginning inventory of material of the type described in 30.411-40(c) is estimated to be significant in relation to the total cost included in the indirect cost pool, the cost of such unconsumed material shall be established as an asset at the end of the period by reducing the indirect cost pool by a corresponding amount.

30.411-60 Illustrations.

(a) Contractor "A" has one contract which requires two custom-ordered, high-value, airborne cameras. The contractor's established policy is to order such special items specifically identified to a contract as the need arises and to charge them directly to the contract. Another contract is received which requires three more of these cameras, which the contractor purchases at a unit cost which differs from the unit cost of the first two cameras ordered. When the purchase orders were placed, the contractor identified the specific contracts on which the cameras being purchased were to be used. Although these cameras are identical, the actual cost of each camera is charged to the contract for which it was acquired without establishing a material inventory record. This practice would not be a violation of this Standard.

(b) (1) A Government contract requires use of electronic tubes identified as "W." The contractor expects to receive other contracts requiring the use of tubes of the same type. In accordance with its written policy, the contractor establishes a material inventory record for electronic tube "W," and allocates the cost of units issued to the existing Government contract by the FIFO method. Such a practice would conform to the requirements of this Standard.

(2) The contractor is awarded several additional contracts which require an electronic tube which the contractor concludes is similar to the one described in subparagraph (b)(1) of this subsection and which is identified as "Y." At the time a purchase order for these tubes is written, the contractor cannot identify the specific number of tubes to be used on each contract. Consequently, the contractor establishes an inventory record for these tubes and allocates their cost to the contracts on an average cost method. Because a FIFO method is used for a similar category of material within the same business unit, the use of an average cost method for "Y" would be a violation of this Standard.

(c) A contractor complies with the Cost Accounting Standard on standard costs (30.407), and he uses a standard cost method for allocating the costs of essentially all categories of material. Also, it is the contractor's established practice to charge the cost of purchased parts which are incorporated in his end products, and which are not a significant element of production cost to an indirect cost pool. Such practices conform to this Standard.

(d) A contractor has one established inventory for type "R" transformers. The contractor allocates by the LIFO method the current costs of the individual units issued to Government contracts. Such a practice would conform to the requirements of this Standard.

(e) A contractor has established inventories for various categories of material which are used on Government contracts. During the year the contractor allocates the costs of the units of the various categories of material issued to contracts by the moving average cost method. The contractor uses the LIFO method for tax and financial reporting purposes and, at year end, applies a pooled LIFO inventory adjustment for all categories of material to Government contracts. This application of pooled costs to Government contracts would be a violation of this Standard because the lump sum adjustment to all of the various categories of material is, in effect, a noncurrent repricing of the material issues.

30.412 Cost accounting standard for composition and measurement of pension cost.

30.412-10 [Reserved]

30.412-20 Purpose.

The purpose of this Standard is to provide guidance for determining and measuring the components of pension cost. The Standard establishes the basis on which pension costs shall be assigned to cost accounting periods. The provisions of this Cost Accounting Standard should enhance uniformity and consistency in accounting for pension costs and thereby increase the probability that those costs are properly allocated to cost objectives.

30.412-30 [Reserved]

30.412-40 Fundamental requirement.

(a) *Components of pension cost.* (1) For defined-benefit pension plans, the components of pension cost for a cost accounting period are (i) the normal cost of the period, (ii) a part of any unfunded actuarial liability, (iii) an interest equivalent on the unamortized portion of any unfunded actuarial liability, and (iv) an adjustment for any actuarial gains and losses.

(2) For defined-contribution pension plans, the pension cost for a cost accounting period is the net contribution required to be made for that period, after taking into account dividends and other credits, where applicable.

(b) *Measurement of pension cost.* (1) For defined-benefit pension plans, the amount of pension cost of a cost accounting period shall be determined by use of an actuarial cost method which measures separately each of the components of pension cost set forth in subparagraph (a)(1) of this subsection, or which meets the requirements set forth in 30.412-50(b)(2).

(2) Each actuarial assumption used to measure pension cost shall be separately identified and shall represent the contractor's best estimates of anticipated experience under the plan, taking into account past experience and reasonable expectations. The validity of the assumptions used may be evaluated on an aggregate, rather than on an assumption-by-assumption, basis.

(c) *Assignment of pension cost.* The amount of pension cost computed for a cost accounting period is assignable only to that period. Except for pay-as-you-go plans, the cost assignable to a period is allocable to cost objectives of that period to the extent that liquidation of the liability for such cost can be compelled or liquidation is actually effected in that period. For pay-as-you-go plans, the entire cost assignable to a period is allocable to cost objectives of that period only if the payment of benefits earned by plan participants can be compelled. If such payment is optional with the company, the amount of assignable costs allocable to cost objectives of that period is limited to the amount of benefits actually paid to retirees or beneficiaries in that period.

30.412-50 Techniques for application.

(a) *Components of pension cost.* (1) Any portion of an unfunded actuarial liability included as a separately identified part of the pension cost of a cost accounting period shall be included in equal annual installments. Each installment shall consist of an amortized portion of the unfunded actuarial liability plus an interest equivalent on the unamortized portion of such liability. The period of amortization shall be established as follows:

(i) If amortization of an unfunded actuarial liability has begun prior to the date this Standard first becomes applicable to a contractor, no change in the amortization period is required by this Standard.

(ii) If amortization of an unfunded actuarial liability has not begun prior to the date this Standard first becomes applicable to a contractor, the amortization period shall begin with the period in which the Standard becomes applicable and shall be no more than 30 years nor less than 10 years. However, if the plan was in existence as of January 1, 1974, the amortization period shall be no more than 40 years nor less than 10 years.

(iii) Each unfunded actuarial liability resulting from the institution of new pension plans or from adoption of improvements to pension plans subsequent to the date this Standard first becomes applicable to a contractor shall be amortized over no more than 30 years nor less than 10 years.

(2) Pension costs applicable to prior years that were specifically unallowable in accordance with then existing Government contractual provisions shall be separately identified and eliminated from any unfunded actuarial liability being amortized pursuant to the provision of subparagraph (a)(1) of this subsection, or from future normal costs if the actuarial cost method in use does not separately develop an unfunded actuarial liability. Interest earned on funded unallowable pension costs, based on the valuation rate of return, need not be included by contractors as a reduction of future years' computations of pension costs made pursuant to this Standard.

(3) A contractor shall establish and consistently follow a policy for selecting specific amortization periods for unfunded actuarial liabilities, if any, that are developed under the actuarial cost method in use. Such policy may give consideration to factors such as the size and nature of unfunded actuarial liabilities.

(4) Actuarial assumptions used in calculating the amount of an unfunded actuarial liability shall be the same as those used for other components of pension cost. If any assumptions are changed during an amortization period, the resulting increase or decrease in an unfunded actuarial liability shall be separately amortized over no more than 30 years nor less than 10 years.

(5) Actuarial gains and losses shall be identified separately from unfunded actuarial liabilities that are being amortized pursuant to the provisions of this Standard. The accounting treatment to be afforded to such gains and losses shall be consistently applied for each pension plan.

(6) An excise tax assessed pursuant to a law or regulation because of inadequate or delayed funding of a pension plan is not a component of pension cost.

(7) If any portion of the pension cost computed for a cost accounting period is not funded in that period, no amount for interest on the portion not funded in that period shall be a component of pension cost of any future cost accounting period. Conversely, if a contractor prematurely funds pension costs in a current cost accounting period, the interest earned on such premature funding, based on the valuation rate of return, may be excluded from future years' computations of pension cost made pursuant to this Standard.

(8) For purposes of this Standard, defined-benefit pension plans funded exclusively by the purchase of individual or group permanent insurance or annuity contracts shall be treated as defined-contribution pension plans. However, all other defined-benefit pension plans administered wholly or in part through insurance company contracts shall be subject to the provisions of this Standard relative to defined-benefit pension plans.

(9) If a pension plan is supplemented by a separately-funded plan which provides retirement benefits to all of the participants in the basic plan, the two plans shall be considered as a single plan for purposes of this Standard. If the effect of the combined plans is to provide defined-benefits for the plan participants, the combined plan shall be treated as a defined-benefit plan for purposes of this Standard.

(10) A multiemployer pension plan established pursuant to the terms of a collective bargaining agreement shall be considered to be a defined-contribution pension plan for purposes of this Standard.

(11) A pension plan applicable to colleges and universities that is part of a State pension plan shall be considered to be a defined-contribution pension plan for purposes of this Standard.

(b) *Measurement of pension cost.* (1) The amount of pension cost assignable to cost accounting periods shall be measured by the accrued benefit cost method or by a projected benefit cost method which identifies separately normal costs, any unfunded actuarial liability, and periodic determinations of actuarial gains and losses, except as provided in subparagraph (b)(2) of this subsection.

(2) Any other projected benefit cost method may be used, provided that:

(i) The method is used by the contractor in measuring pension costs for financial accounting purposes;

(ii) The amount of pension cost assigned to a cost accounting period computed under such method is reduced by the excess, if any, of the value of the assets of the pension fund over the actuarial liability of the plan as determined by a projected benefit cost method set forth in subparagraph (b)(1) of this subsection;

(iii) The contractor accumulates supplementary information identifying the actuarial gains and losses (and, separately, gains or losses resulting from changed actuarial assumptions) that have occurred since the last determination of gains and losses and the extent to which such gains and losses have been amortized through subsequent pension contributions or offset by gains and losses in subsequent cost accounting periods, and

(iv) The cost of future pension benefits is spread over the remaining average working lives of the work force.

(3) Irrespective of the projected benefit cost method used, the calculation of normal cost shall be based on a percentage of payroll for plans where the pension benefit is a function of salaries and wages and on employee service for plans where the pension benefit is not a function of salaries and wages.

(4) The cost of benefits under a pay-as-you-go pension plan shall be measured in the same manner as are the costs of defined-benefit plans whose benefits are provided through a funding agency.

(5) Actuarial assumptions should reflect long-term trends so as to avoid distortions caused by short-term fluctuations.

(6) Pension cost shall be based on provisions of existing pension plans. This shall not preclude contractors from making salary projections for plans whose benefits are based on salaries and wages, or from considering improved benefits for plans which provide that such improved benefits must be made.

(7) If the evaluation of the validity of actuarial assumptions shows that, in the aggregate, the assumptions were not reasonable, the contractor shall (i) identify the major causes for the resultant actuarial gains or losses and (ii) provide information as to the basis and rationale used for retaining or revising such assumptions for use in the ensuing cost accounting period(s).

(c) *Assignment of pension cost.* (1) Amounts funded in excess of the pension cost computed for a cost accounting period pursuant to the provisions of this Standard shall be applied to pension costs of future cost accounting periods.

(2) Evidence that the liquidation of a liability for pension cost can be compelled includes (i) provisions of law such as the funding provisions of the Employee Retirement Income Security Act of 1974, except as provided in subparagraph (c)(3) of this subsection, (ii) a contractual agreement which requires liquidation of the liability, or (iii) the existence of rights by a third party to required liquidation of the liability.

(3) Any portion of pension cost computed for a cost accounting period that is deferred to future periods pursuant to a waiver granted under provisions of the Employee Retirement Income Security Act of 1974, shall not be assigned to the current period. Rather, such costs shall be assigned to the cost accounting period(s) in which the funding takes place.

(4) A liability for pension cost for a cost accounting period (or, for pay-as-you-go plans, for payments to retirees or beneficiaries for a period) shall be considered to be liquidated in the period if funding is effected by the date established for filing a Federal income tax return (including authorized extensions). For contractors not required to file Federal income tax returns, the date shall be that established for filing Federal corporation income tax returns.

30.412-60 Illustrations.

(a) *Components of pension cost.* (1) Contractor A has a defined-benefit pension plan for its employees. The contractor's policy has been to compute and fund as annual pension cost normal cost plus only interest on the unfunded actuarial liability. Pursuant to 30.412-40(a)(1), the components of pension cost for a cost accounting period must now include not only the normal cost for the period and interest on the unfunded actuarial liability, but also an amortized portion of the unfunded actuarial liability. The amortization of the liability and the interest equivalent on the unamortized portion of the liability must be computed in equal annual installments.

(2) Contractor B has insured pension plans for each of two small groups of employees. One plan is funded through a group permanent insurance contract; the other plan is funded through a group deferred annuity contract. Both plans provide for defined benefits. Pursuant to 30.413-50(a)(8), for purposes of this Standard the plan financed through a group permanent insurance contract shall be considered to be a defined-contribution pension plan; the net premium required to be paid for a cost accounting period (after deducting dividends and any credits) shall be the pension cost for that period. However, the group deferred annuity plan is subject to the provisions of this Standard that are applicable to defined-benefit plans.

(3) Contractor C provides pension benefits for certain hourly employees through a multiemployer defined-benefit plan. Under the collective bargaining agreement, the contractor pays six cents into the fund for each hour worked by the covered employees. Pursuant to 30.412-50(a)(10), the plan shall be considered to be a defined-contribution pension plan. The payments required to be made for a cost accounting period shall constitute the assignable pension cost for that period.

(4) Contractor D provides pension benefits for certain employees through a defined-contribution pension plan. However, the contractor has a separate fund which is used to supplement pension benefits provided for all of the participants in the basic plan in order to provide a minimum monthly retirement income to each participant. Pursuant to 30.412-50(a)(9), the two plans shall be considered as a single plan for purposes of this Standard. Because the effect of the supplemental fund is to provide defined-benefits for the plan's participants, the provisions of this Standard relative to defined-benefit pension plans shall be applicable to the combined plan.

(b) *Measurement of pension cost.* (1) Contractor E has a pension plan whose costs are assigned to cost accounting periods by use of an actuarial cost

method which does not separately identify actuarial gains and losses or the effect on pension cost resulting from changed actuarial assumptions. If this cost method is used to measure costs for financial accounting purposes, it may be used for purposes of this Standard, provided that the contractor develops the supplementary information set forth in 30.412–50(b)(2)(iii) regarding such gains and losses and changed actuarial assumptions. In addition, the contractor must develop an actuarial liability determined by a projected benefit cost method set forth in 30.412–50(b)(1). If the resultant actuarial liability is less than the value of the pension fund, the pension cost computed for the cost accounting period must be reduced by that amount (30.412–50(b)(2)(ii)).

(2) For a number of years Contractor F has had a pay-as-you-go pension plan which provides for payments of $200 a month to employees after retirement. The contractor is currently making such payments to several retired employees and charges such payments against current income as its pension cost. For the current cost accounting period, the contractor paid benefits totaling $24,000. Contractor F's method of accounting for pension cost does not comply with the provisions of this Standard relative to pay-as-you-go plans as set forth in 30.412–40(c) and 30.412–50(b)(4). The contractor should:

(i) Compute, by use of an actuarial cost method, its actuarial liability for benefits earned by plan participants. This entire liability is always unfunded for a pay-as-you-go plan.

(ii) Compute a level amount which, including an interest equivalent, would amortize the unfunded actuarial liability over a period of no less than 10 or more than 40 years.

(iii) Compute, by use of the actuarial cost method selected, a normal cost for the period.

The sum of subdivisions (b)(2)(ii) and (iii) of this subsection represents the amount of pension cost assignable to the period. If payment of benefits earned by plan participants can be compelled, the entire amount of cost assignable to the period is allocable to cost objectives of that period. If such payments cannot be compelled, the amount of assignable cost allocable to cost objectives of that period is limited to the amount of benefits actually paid in that period ($24,000).

(3) Contractor G has two defined-benefit pension plans which provide for fixed dollar payments to hourly employees. Under one plan, the contractor's actuary believes that the contractor will be required to increase the level of benefits by specified percentages over the next several years. In calculating pension costs, the contractor may not assume future benefits greater than that currently required by the plan. With regard to the second plan, a collective bargaining agreement negotiated with the employee's labor union provided that pension benefits will increase by specified percentages over the next several years. Because the improved benefits are required to be made, the contractor can consider such increased benefits in computing pension costs for the current cost accounting period (30.412–50(b)(6)).

(c) *Assignment of pension cost.* Contractor H has a trusteed pension plan for its salaried employees. It computes $1 million of pension cost for a cost accounting period. Pursuant to the funding provisions of the Employee Retirement Income Security Act of 1974, the company must fund at least $800,000. Because liquidation of the liability for the portion of pension cost required by law to be funded ($800,000) can be compelled, such cost is allocable to cost objectives of the period, in accordance with 30.412–40(c). If Contractor H can be compelled by the trustee or the plan participants to fund the remaining $200,000, the liability therefor is also allocable to cost objectives of that period.

30.413 Adjustment and allocation of pension cost.

30.413–10 [Reserved]

30.413–20 Purpose.

A purpose of this Standard is to provide guidance for adjusting pension cost by measuring actuarial gains and losses and assigning such gains and losses to cost accounting periods. The Standard also provides the bases on which pension cost shall be allocated to segments of an organization. The provisions of this Cost Accounting Standard should enhance uniformity and consistency in accounting for pension costs.

30.413–30 [Reserved]

30.413–40 Fundamental requirement.

(a) *Assignment of actuarial gains and losses.* Actuarial gains and losses shall be calculated annually and shall be assigned to the cost accounting period for which the actuarial valuation is made and subsequent periods.

(b) *Valuation of the assets of a pension fund.* The value of all pension fund assets shall be determined under an asset valuation method which takes into account unrealized appreciation and depreciation of pension fund assets, and shall be used in measuring the components of pension cost.

(c) *Allocation of pension cost to segments.* Contractors shall allocate pension cost to each segment having participants in a pension plan. A separate calculation of pension cost for a segment is required when the conditions set forth in 30.413–50(c) (2) and (3) are present. When these conditions are not present, allocations may be made by calculating a composite pension cost for two or more segments and allocating this cost to these segments by means of an allocation base.

30.413–50 Techniques for application.

(a) *Assignment of actuarial gains and losses.* (1) In accordance with the provisions of 30.412, actuarial gains and losses shall be identified separately from unfunded actuarial liabilities being amortized.

(2) Actuarial gains and losses determined under a pension plan whose costs are measured by an immediate-gain actuarial cost method shall be amortized over a 15-year period in equal annual installments, beginning with the date as of which the actuarial valuation is made. The installment for a cost accounting period shall consist of an element for amortization of the gain or loss and an element for interest on the unamortized balance at the beginning of the period. If the actuarial gain or loss determined for a cost accounting period is not material, the entire gain or loss may be included as a component of the current or ensuing year's pension cost.

(3) Actuarial gains and losses applicable to a pension plan whose costs are measured by a spread-gain actuarial cost method shall be included as part of current and future normal cost and spread over the remaining average working lives of the work force.

(b) *Valuation of the assets of a pension fund.* (1) The actuarial value of the assets of a pension fund shall be used (i) in measuring actuarial gains and losses, and (ii) for purposes of measuring other components of pension cost.

(2) The actuarial value of the assets of a pension fund may be determined by the use of any recognized asset valuation method which provides equivalent recognition of appreciation and depreciation of pension fund assets. However, the total asset value produced by the method used shall fall within a corridor from 80 to 120 percent of the market value of the assets, determined as of the valuation date. If the method produces a value that falls outside the

corridor, the value of the assets shall be adjusted to equal the nearest boundary of the corridor.

(3) The method selected for valuing pension fund assets shall be consistently applied from year to year within each plan.

(4) The provisions of subparagraphs (b) (1) through (3) of this subsection are not applicable to plans that are funded with insurance companies under contracts where the insurance company guarantees benefit payments.

(c) *Allocation of pension cost to segments.* (1) For contractors who compute a composite pension cost covering plan participants in two or more segments, the base to be used for allocating such costs shall be representative of the factors which the pension benefits are based. For example, a base consisting of salaries and wages shall be used for pension costs that are calculated as a percentage of salaries and wages; a base consisting of the number of employees shall be used for pension costs that are calculated as an amount per employee.

(2) Separate pension cost for a segment shall be calculated whenever any of the following conditions exist for that segment, provided that such condition(s) materially affect the amount of pension cost allocated to the segment:

(i) There is a material termination gain or loss attributable to the segment,

(ii) The level of benefits, eligibility for benefits, or age distribution is materially different for the segment than for the average of all segments, or

(iii) The appropriate assumptions relating to termination, retirement age, or salary scale are, in the aggregate, materially different for the segment than for the average of all segments. Calculations of termination gains or losses shall give consideration to factors such as unexpected early retirements, benefits becoming fully vested, and reinstatements or transfers without loss of benefits. An amount may be estimated for future reemployments.

(3) Pension cost shall also be separately calculated for a segment under circumstances where—

(i) The pension plan for that segment becomes merged with that of another segment, and

(ii) The ratios of assets to actuarial liabilities for each of the merged plans are materially different from one another after applying the benefits in effect after the merger.

(4) Whenever the pension cost of a segment is required to be calculated separately pursuant to subparagraphs (c) (2) and (3) of this subsection, such calculations shall be prospective only; pension costs need not be redetermined for prior years.

(5) For a segment whose pension costs are required to be calculated separately pursuant to subparagraph (c)(2) of this subsection, there shall be an initial allocation of a share in the undivided pension fund assets to that segment, as follows:

(i) If the necessary data are readily determinable, the amount of assets to be allocated to the segment shall be the amount of funds contributed by, or on behalf of, the segment, increased by income received on such funds, and decreased by benefits and expenses paid from such funds; (ii) if the data specified in subdivision (i) of this subparagraph (c)(5), are not readily determinable the actuarial value of the pension fund's assets shall be allocated to the segment in a manner consistent with the actuarial cost method or methods used to compute pension cost. For a segment whose pension costs are required to be calculated separately pursuant to subparagraph (c)(3) of this subsection the initial allocation of assets to the segment shall be the market value of the segment's assets as of the date of the merger.

(6) If, prior to the time a contractor is required to use this Standard, it has been calculating pension cost separately for individual segments, the amount of assets previously allocated to those segments need not be changed.

(7) After the initial allocation of assets, the contractor shall maintain a record of the portion of subsequent contributions, income, benefit payments, and expenses attributable to the segment and paid from the pension fund; income and expenses shall include a portion of any investment gains and losses attributable to the assets of the pension fund. Fund income and expenses shall be allocated to the segment in the same proportion that the assets allocated to the segment bears to total fund assets as of the beginning of the period for which fund income and expenses are being allocated.

(8) If plan participants transfer among segments, contractors need not transfer assets or liabilities unless a transfer is sufficiently large to distort the segments' ratio of fund assets to actuarial liabilities.

(9) Contractors who separately calculate the pension cost of one or more segments may calculate such cost either for all pension plan participants assignable to the segment(s) or for only the active participants of the segment(s). If costs are calculated only for active participants, a separate segment shall be created for all of the inactive participants of the pension plan and the cost thereof shall be calculated. When a contractor makes such an election, assets shall be allocated to the segment for inactive participants in accordance with paragraphs (c) (5), (6), and (7) of this section. When an employee of a segment becomes inactive, assets shall be transferred from that segment to the segment established to accumulate the assets and actuarial liabilities for the inactive plan participants. The amount of funds transferred shall be that portion of the actuarial liabilities for these inactive participants that have been funded. If inactive participants become active, funds and liabilities shall similarly be transferred to the segments to which the participants are assigned. Such transfers need be made only as of the last day of a cost accounting period. The total annual pension cost for a segment having active lives shall be the amount calculated for the segment plus an allocated portion of the pension cost calculated for the inactive participants. Such an allocation shall be on the same basis as that set forth in subparagraph (c)(1) of this subsection.

(10) Where pension cost is separately calculated for one or more segments, the acturaial cost method used for a plan shall be the same for all segments, as required by 30.412–50(b). Unless a separate calculation of pension cost for a segment is made because of a condition set forth in subdivision (c)(2)(iii) of this subsection, the same actuarial assumptions may be used for all segments covered by a plan.

(11) If a pension plan has participants in the home office of a company, the home office shall be treated as a segment for purposes of allocating the cost of the pension plan. Pension cost allocated to a home office shall be a part of the costs to be allocated in accordance with the appropriate requirements of 30.403.

(12) If a segment is closed, the contractor shall determine the difference between the actuarial liability for the segment and the market value of the assets allocated to the segment, irrespective of whether or not the pension plan is terminated. The determination of the actuarial liability shall give consideration to any requirements imposed by agencies of the United States Government. In computing the market value of assets for the segment, if the contractor has not already allocated assets to the segment, such an allocation shall be made in accordance with the requirements of subdivisions (c)(5) (i) and (ii) of this section. The market value of the assets allocated to the segment shall be the segment's proportionate share of the

total market value of the assets of the pension fund. The calculation of the difference between the market value of the assets and the actuarial liability shall be made as of the date of the event (e.g., contract termination) that caused the closing of the segment. If such a date cannot be readily determined, or if its use can result in an inequitable calculation, the contracting parties shall agree on an appropriate date. The difference between the market value of the assets and the actuarial liability for the segment represents an adjustment of previously-determined pension costs.

30.413-60 Illustrations.

(a) *Assignment of actuarial gains and losses.* Contractor A has a defined-benefit pension plan whose costs are measured under an immediate-gain actuarial cost method. The contractor makes actuarial valuations every other year. In the past, at each valuation date, the contractor has calculated the actuarial gains and losses that have occurred since the previous valuation date and has merged such gains and losses with the unfunded actuarial liabilities that are being amortized. Pursuant to 30.413-40(a), the contractor must make an actuarial valuation annually. Any actuarial gains or losses measured must be separately amortized over a 15-year period beginning with the period for which the actuarial valuation is made (30.413-50(a) (1) and (2)).

(b) *Valuation of the assets of a pension fund.* Contractor B has a defined benefit pension plan, the assets of which are invested in equity securities, debt securities, and real property. The contractor, whose cost accounting period is the calendar year, has an annual actuarial valuation of the pension fund in June of each year; the effective date of the valuation is the beginning of that year. The contractor's method for valuing the assets of the pension fund is as follows: debt securities expected to be held to maturity are valued on an amortized basis running from initial cost at purchase to par value at maturity; land and buildings are valued at cost less depreciation taken to date; all equity securities and debt securities not expected to be held to maturity are valued on the basis of a 5-year moving average of market values. In making an actuarial valuation, the contractor must compare the values reached under the asset valuation method used with the market values of all of the assets (30.413-40(b)). In this case, the assets are valued as of January 1 of that year. The contractor established the following values as of the valuation date.

	Asset valuation method	Market
Cash	$100,000	$100,000
Equity securities	6,000,000	7,800,000
Debt securities expected to be held to maturity	550,000	600,000
Other debt securities	600,000	750,000
Land and buildings, net of depreciation	400,000	750,000
Total	$7,650,000	$10,000,000

Section 30.413-50(b)(2) requires that the total value of the assets of the pension fund fall within a corridor from 80 to 120 percent of market. The corridor for the plan's assets as of January 1 is from $12 million to $8 million. Because the asset value reached by the contractor—$7,650,000—falls outside the corridor, the value reached must be adjusted to equal the nearest boundary of the corridor: $8 million. In subsequent years the contractor must continue to use the same method for valuing assets (30.413-50(b)(3)). If the value produced falls inside the corridor, such value shall be used in measuring pension cost.

(c) *Allocation of pension cost to segments.* (1) Contractor C has a defined-benefit pension plan covering employees at five segments. Pension cost is computed by use of an immediate-gain actuarial cost method. One segment (X) is devoted primarily to performing work for the Government. During the current cost accounting period, Segment X had a large and unforeseeable reduction of employees because of a contract termination at the convenience of the Government and because the contractor did not receive an anticipated follow-on contract to one that was completed during the period. As a result, the plan has a large net termination gain. As a consequence of this gain a separate calculation of the pension cost for Segment X would result in a materially different allocation of costs to that segment than would a composite calculation and allocation by means of a base. Accordingly, pursuant to 30.413-50(c)(2), the contractor must calculate a separate pension cost for Segment X. In doing so, the entire termination gain must be assigned to Segment X and amortized over 15 years. If the actuarial assumptions for Segment X continue to be substantially the same as for the other segments, the termination gain may be separately amortized and allocated only to Segment X; all other Segment X computations may be included as part of the composite calculation. After the gain is amortized, the contractor is no longer required to separately calculate the costs for Segment X unless subsequent events require such separate calculation.

(2) Contractor D has a defined-benefit pension plan covering employees at 10 segments, all of which have some contracts subject to Cost Accounting Standards. The contractor uses a spread-gain actuarial cost method and calculates pension cost by developing a pension cost rate and applying that rate to the salaries and wages of the work force. One of the segments (Segment Y) is entirely devoted to Government work. The contractor's policy is to place junior employees in this segment. The age distribution of the employees of the segment is so different from that of the other segments that the pension cost for Segment Y would be materially different if computed separately than if computed as part of a computation which averages the ages of all employees covered by the plan. Pursuant to 30.413-50(c)(2), the contractor must compute the pension cost for Segment Y as if it were a separate pension plan. Accordingly, the contractor must allocate a portion of the pension fund's assets to Segment Y. Memorandum records may be used in making the allocation. However, because this portion cannot be readily determined, 30.413-50(c)(5)(ii) permits the allocation to be made on the basis of the actuarial cost method or methods used to calculate prior years' pension cost for the plan. Once the assets have been allocated, in future cost accounting periods the contractor shall make separate pension cost calculations for Segment Y based on the actual age distribution for the segment. Because the factors comprising pension cost for the other nine segments are relatively equal, the contractor may compute pension cost for these nine segments by using composite factors and developing a percentage of payroll for the nine segments. The pension cost allocated to each of the nine segments shall be the product of the percentages developed and the payroll of each segment (30.413-50(c)(1)).

(3) Contractor E has a defined-benefit pension plan which covers employees at 12 segments. The contractor uses composite actuarial assumptions to develop a pension cost for all segments. Three of these segments primarily perform Government work; the work at the other nine segments is primarily commercial. Employee turnover at the segments performing commercial work is relatively stable. However, employment experience at the Government segments has been very volatile; there have been large fluctuations in employment levels and the contractor assumes that this pattern of employment will continue to occur. It is evident that separate termination

assumptions for the Government segments and the commercial segments will result in materially different pension costs for the Government segments. Therefore, the cost for these segments must be separately calculated, using the appropriate termination assumptions for these segments (30.413–50(c)(2)(iii)).

(4) Contractor F has a defined-benefit pension plan covering employees at 25 segments. Twelve of these segments primarily perform Government work; the remaining segments perform primarily commercial work. The contractor's records show that the termination experience and projections for the 12 segments are so different from that of the average of all of the segments that separate pension cost calculations are required for these segments pursuant to 30.413–50(c)(2). However, because the termination experience and projections are about the same for all 12 segments, contractor F may calculate a composite pension cost for the 12 segments and allocate the cost to these segments by use of an appropriate allocation base.

(5) After this Standard becomes applicable to Contractor G, it acquires Contractor H and makes it Segment H. Prior to the merger, each contractor had its own defined-benefit pension plan. Under the terms of the merger, Contractor H's pension plan and plan assets were merged with those of Contractor G. The actuarial assumptions, current salary scale, and other plan characteristics and about the same for Segment H and Contractor G's other segments. However, based on the same benefits at the time of the merger, the plan of Contractor H had a disproportionately larger unfunded actuarial liability than did Contractor G's plan. Any combining of the assets and actuarial liabilities of both plans would result in materially different pension cost allocation to Contractor G's segments than if pension cost were computed for Segment H on the basis that it had a separate pension plan. Accordingly, pursuant to 30.413–50(c)(5), Contractor G must allocate to Segment H a portion of the assets of the combined plan. The amount to be allocated shall be the market value of Segment H's pension plan assets at the date of the merger, adjusted for subsequent receipts and expenditures applicable to the segment (30.413–50(c)(7)). Contractor G must use these amounts of assets as a basis for calculating the annual pension cost applicable to Segment H.

(6) Contractor I has a defined-benefit pension plan covering employees at seven segments. The contractor has been making a composite pension cost calculation for all of the segments. However, the contractor determines that, pursuant to this Standard, separate pension costs must be calculated for one of the segments. In accordance with 30.413–50(c)(9), the contractor elects to allocate fund assets only for the active participants of that segment. The contractor must then create a segment to accumulate the assets and actuarial liabilities for the plan's inactive participants. When active participants of a segment become inactive, the contractor must transfer assets to the segment for inactive participants to cover the actuarial liabilities for the participants that become inactive. However, the amount to be transferred shall be proportionate to the percentage of such liabilities that are funded.

(7) Contractor J has a defined-benefit pension plan covering employees at 10 segments. The contractor makes a composite pension cost calculation for all segments. The contractor's records show that the termination experience for one segment—primarily performing Government work—has been significantly different from the average turnover experience of the other segments. Moreover, the contractor assumes that such different experience will continue. Because of this fact, and because the application of a different termination assumption would result in significantly different costs being charged to the Government, the contractor must develop separate pension cost for that segment. In accordance with 30.413–50(c)(2), the amount of pension cost must be based on an acceptable termination assumption for that segment; however, as provided in 30.413–50(c)(10), all other assumptions for that segment may be the same as those for the remaining segments.

(8) Contractor K has a 5-year contract to operate a Government-owned facility. The employees of that facility are covered by the contractor's overall defined-benefit pension plan which covers salaried and hourly employees at other locations. At the conclusion of the 5-year period, the Government decides not to renew the contract. Although some employees are hired by the successor contractor, as far as Contractor K is concerned, the facility is closed. Pursuant to 30.413–50(c)(12), Contractor K must compute an unfunded actuarial liability for the pension plan for that facility. The contractor first calculates the actuarial liability as of the date the contract expired. Because many of Contractor K's employees are terminated from the pension plan, the Internal Revenue Service considers it to be a partial plan termination, and thus requires that the terminated employees become fully vested in their accrued benefits to the extent such benefits are funded. Taking this factor into consideration, the actuary calculates the actuarial liability as amounting to $12.5 million. The contractor must then determine the market value of the pension fund assets allocable to the facility, pursuant to 30.413–50(c)(5), as of the date agreed to by the contracting parties (30.413–50(c)(12))—the date the contract expired. In making this determination, the contractor establishes the ratio of the actuarial value of the assets allocable to the segment to the total actuarial value of the assets of the pension fund. The product of this ratio and the market value of all pension fund assets is the market value of the assets allocated to the segment. In this case, the market value of the segment's assets amounted to $13.8 million. Thus, for this facility the value of pension fund assets exceeded the actuarial liability by $1.3 million. This amount indicates the extent to which the Government over-contributed to the pension plan for the segment and, accordingly, indicates the extent to which prior years' pension costs are subject to adjustment.

30.414 Cost accounting standard—cost of money as an element of the cost of facilities capital.

30.414–10 [Reserved]

30.414–20 Purpose.

The purpose of this Cost Accounting Standard is to establish criteria for the measurement and allocation of the cost of capital committed to facilities as an element of contract cost. Consistent application of these criteria will improve cost measurement by providing for allocation of cost of contractor investment in facilities capital to negotiated contracts.

30.414–30 [Reserved]

30.414–40 Fundamental requirement.

(a) A contractor's facilities capital shall be measured and allocated in accordance with the criteria set forth in this Standard. The allocated amount shall be used as a base to which a cost of money rate is applied.

(b) The cost of money rate shall be based on interest rates determined by the Secretary of the Treasury, pursuant to Pub. L. 92–41 (85 Stat. 97).

(c) The cost of capital committed to facilities shall be separately computed for each of contract using facilities

capital cost of money factors computed for each cost accounting period.

30.414-50 Techniques for application.

(a) The investment base used in computing the cost of money for facilities capital shall be computed from accounting data used for contract cost purposes. The form and instructions stipulated in this Standard shall be used to make the computation.

(b) The cost of money rate for any cost accounting period shall be the arithmetic mean of the interest rates specified by the Secretary of the Treasury pursuant to Pub. L. 92–41 (85 Stat 97). Where the cost of money must be determined on a prospective basis the cost of money rate shall be based on the most recent available rate published by the Secretary of the Treasury.

(c) (1) A facilities capital cost of money factor shall be determined for each indirect cost pool to which a significant amount of facilities capital has been allocated and which is used to allocate indirect costs to final cost objectives.

(2) The facilities capital cost of money factor for an indirect cost pool shall be determined in accordance with Form CASB CMF, and its instructions which are set forth in Appendix A. One form will serve for all the indirect cost pools of a business unit.

(3) For each CAS-covered contract, the applicable cost of capital committed to facilities for a given cost accounting period is the sum of the products obtained by multiplying the amount of allocation base units (such as direct labor hours, or dollars of total cost input) identified with the contract for the cost accounting period by the facilities capital cost of money factor for the corresponding indirect cost pool. In the case of process cost accounting systems the contracting parties may agree to substitute an appropriate statistical measure for the allocation base units identified with the contract.

30.414-60 Illustrations.

The use of Form CASB CMF and other computations anticipated for this Cost Accounting Standard are illustrated in Appendix B.

30.414-70 Exemption.

(a) This Standard shall not apply to any prime contract or subcontract providing that (1) the date of award of such contract, or (2) if the contractor has submitted cost or pricing data, the date of final agreement on price as shown on the contractor's signed certificate of current cost or pricing data, precedes the effective date of this Standard.

(b) This Standard shall not apply where compensation for the use of tangible capital assets is based on use rates or allowances such as provided by the provisions of OMB Circular A–21 (Cost Principles for Educational Institutions), OMB Circular A–87 (Cost Principles for State and Local Governments), § 15.402–1(a) of the Armed Services Procurement Regulation, or other appropriate Federal procurement regulations.

Appendix A to 30.414—Instructions for Form CASB CMF

FORM CASB-CMF

APPENDIX A

FACILITIES CAPITAL
COST OF MONEY FACTORS COMPUTATION

CONTRACTOR: ADDRESS:
BUSINESS UNIT:

COST ACCOUNTING PERIOD:		1. APPLICABLE COST OF MONEY RATE ____ %	2. ACCUMULATION & DIRECT DISTRIBUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
BUSINESS UNIT FACILITIES CAPITAL	RECORDED			BASIS OF ALLOCATION	COLUMNS 2 + 3	COLUMNS 1X4	IN UNIT(S) OF MEASURE	COLUMNS 5 ÷ 6
	LEASED PROPERTY							
	CORPORATE OR GROUP							
	TOTAL							
	UNDISTRIBUTED							
	DISTRIBUTED							
OVERHEAD POOLS								
G&A EXPENSE POOLS								
TOTAL							//////////	//////////

Purpose

The purpose of this form is to (a) accumulate total facilities capital net book values allocated to each business unit for the contractor cost accounting period, and (b) convert those values to facilities capital cost of money factors applicable to each overhead or G&A expense allocation base employed within a business unit.

Basis

All data pertain to the cost accounting period for which the contractor prepares overhead and G&A expense allocations. The cost of money computations should be compatible with those allocation procedures. More specifically, facilities capital values used should be the same values that are used to generate depreciation or amortization that is allowed for Federal Government contract costing purposes; land which is integral to the regular operation of the business unit shall be included.

Applicable Cost of Money Rate (Col. 1)

Enter here the rate as computed in accordance with 30.414–50(b).

Accumulation and Direct Distribution of Net Book Value (Col. 2)

Recorded, Leased Property, Corporate. The net book value of facilities capital items in this column shall represent the average balances outstanding during the cost accounting period. This applies both to items that are subject to periodic depreciation or amortization and also to such items as land that are not subject to periodic write-offs. Unless there is a major fluctuation, it will be adequate to ascertain the net book of these assets at the beginning and end of each cost accounting period, and to compute an average of those two sets of figures. "Recorded" facilities are the facilities capital items owned by the contractor, carried on the books of the business unit, and used in its regular business activity. "Leased property" is the capitalized value of leases for which constructive costs of ownership are allowed in lieu of rental costs under Government procurement regulations. Corporate or group facilities are the business unit's allocable

share of corporate-owned and leased facilities. The net book value of items of facilities capital which are held or controlled by the home office shall be allocated to the business unit on a basis consistent with the home office expense allocation.

Distributed and Undistributed. All facilities capital items that are identified in the contractor's records as solely applicable to an organizational unit corresponding to a specific overhead, G&A or other indirect cost pool which is used to allocate indirect costs to final cost objectives, are listed against the applicable pools and are classified as "distributed." "Undistributed" is the remainder of the business unit's facilities capital. The sum of "distributed" and "undistributed" must also correspond to the amount shown on the "total" line.

Allocation of Distributed. List in the narrative column all the overhead and G&A expense pools to which "distributed" facilities capital items have been allocated. Enter the corresponding amounts in (Col. 2). The sum of all the amounts shown against specific overhead and G&A expense pools must correspond to the amount shown in the "distributed" line.

Allocation of Undistributed (Col. 3)

Business unit "undistributed" facilities are allocated to overhead and the G&A expense pools on any reasonable basis that approximates the actual absorption of depreciation or amortization of such facilities. For instance, the basis of allocation of undistributed assets in each business unit between; e.g., engineering overhead pool and the manufacturing overhead pool, should be related to the manner in which the expenses generated by these assets are allocated between the two overhead pools. Detailed analysis of this allocation is not required where essentially the same results can be obtained by other means. Where the cost accounting system for purposes of Government contract costing uses more than one "charging rate" for allocating indirect costs accumulated in a single cost pool, one representative base may be substituted for the multiplicity of bases used in the allocation process. The net book value of service center facilities capital items appropriately allocated should be included in this column. The sum of the entries in Column 3 is equal to the entry in the undistributed line, Column 2.

A supporting work sheet of this allocation should be prepared if there is more than one service center or other similar "intermediate" cost objective involved in the reallocation process.

Alternative Allocation Process—As an alternative to the above allocation process all the undistributed assets for one or more service centers or similar intermediate cost objectives may be allocated to the G&A expense pool. Consequently, the cost of money for these undistributed assets will be distributed to the final cost objectives on the same basis that is used to allocate G&A expense. This procedure may be adopted for any cost accounting period only when the contracting parties agree (a) that the depreciation or amortization generated by these undistributed assets is immaterial or (b) that the results of this alternative procedure are not likely to differ materially from those which would be obtained under the "regular" allocation process described previously.

Total Net Book Value (Col. 4)

The sum of Columns 2 and 3. The total of this column should agree with the business unit's total shown in Column 2.

Cost of Money for the Cost Accounting Period (Col. 5)

Multiply the amounts in Column 4 by the percentage rate in Column 1.

Allocation Base for the Period (Col. 6)

Show here the total units of measure used to allocate overhead and G&A expense pools (e.g., direct labor dollars, machine hours, total cost input, etc.). Include service centers that make charges to final cost objectives. Each base unit-of-measure must be compatible with the bases used for applying overhead in the Federal Government contract cost computation.

The total base unit of measure used for allocation in this column refers to all work done in an organizational unit associated with the indirect cost pool and not to Government work alone.

Facilities Capital Cost of Money Factors (Col. 7)

The quotients of cost of money for the cost accounting period (Col. 5) separately divided by the corresponding overhead or G&A expense allocation bases (Col. 6). Carry each computation to five decimal places. This factor represents the cost of money applicable to facilities capital allocated to each unit of measure of the overhead or G&A expense allocation base.

Appendix B to 30.414—Example—ABC Corporation

ABC Corporation has a home office that controls three operating divisions (Business Units A, B & C). The home office includes an administrative computer center whose costs are allocated separately to the business units. The separate allocation conforms to the requirements specified in the Cost Accounting Standard No. 403. Tables I through VI deal with home office expense allocations to business units.

The A Division is a business unit as defined by the CASB, and it uses one engineering and one manufacturing overhead pool to accumulate costs for charging overhead to final cost objectives. In addition, the indirect cost allocation process also uses two "service centers" with their own indirect cost pools: occupancy and technical computer center.

The costs accumulated in the occupancy pool are allocated among manufacturing overhead, engineering overhead, and the technical computer center on the basis of floor space occupied. The costs accumulated in the technical computer center cost pool are allocated to users on the basis of a CPU hourly rate. Some of these allocations are made to engineering or manufacturing overhead while others are allocated direct to final cost objectives.

At the business unit level, all the indirect expense incurred is regarded either as an engineering or manufacturing expense. Thus the sole item that enters into the business unit G&A expense pool is the allocation received by the A Division from the home office.

Operating results for the A Division are given in Table VII. Facilities capital items for the division are given in Table IX.

The example is based on a single set of illustrative contract cost data given in Table VIII. Since two methods, the "regular" and the "alternative" method, are potentially available for computing cost of money on facilities capital items two sets of different results can be considered.

In addition, total cost input is used in the example as the allocation base for the G&A expense. Two variations of this example have been prepared to illustrate the impact of excluding or including cost of money from total cost input. Variation I, summarized in Table XIII, excludes cost of money from the cost input allocation base. Variation II, summarized in Tables XVII and XVIII, includes cost of money in the cost input allocation base.

Throughout the example, where appropriate, cross references have been made to the text of the relevant parts of the Standard.

VARIATION I—TOTAL COST INPUT ALLOCATION BASE EXCLUDES COST OF MONEY—TABLE I—NET BOOK VALUE OF HOME OFFICE FACILITIES CAPITAL

	Dec. 31, 1974	Dec. 31, 1975
Administrative computer center facilities capital	$550,000	$450,000
Other home office facilities capital	420,000	380,000
Total	970,000	830,000

The assets in the above table generate allowable depreciation or amortization, as explained in Instructions for Form CASB CMF (Basis). Thus, they should be included in the asset base for cost of money computation.

TABLE II—HOME OFFICE FACILITIES CAPITAL ANNUAL AVERAGE BALANCES

Administrative computer center facilities capital	$500,000
Other home office facilities capital	400,000
Total	900,000

The above averages are based on data in Table I computed in accordance with the criteria in Instructions for Form CASB CMF (Recorded, Leased Property, Corporate).

$970,000 + $830,000 = $1,800,000 ÷ 2 = $900,000

TABLE III—HOME OFFICE DEPRECIATION AND AMORTIZATION FOR 1975

Administrative computer center facilities capital	$100,000
Other home office facilities capital	40,000
Total	140,000

TABLE IV—ALLOCATION OF ABC HOME OFFICE EXPENSES TO DIVISIONS (*business units*)

	Total expense	Allocation to business units		
		A	B	C
Administrative computer center	$1,800,000	$900,000	$900,000	
Other home office	4,800,000	2,400,000	1,200,000	$1,200,000
Total	6,600,000	3,300,000	2,100,000	1,200,000

The above allocation is carried out in accordance with CAS 403. The expense allocated to individual business units above includes depreciation and amortization as reflected in Table V.

TABLE V—DEPRECIATION AND AMORTIZATION COMPONENT OF ABC HOME OFFICE EXPENSE

	Total depreciation and amortization expense	Allocation to business units		
		A	B	C
Administrative computer center	$100,000	$50,000	$50,000	
Other home office	40,000	20,000	10,000	$10,000
Total	140,000	70,000	60,000	10,000

TABLE VI—ALLOCATION OF HOME OFFICE FACILITIES CAPITAL TO BUSINESS UNITS

(a) Depreciation and amortization allocation in Table V converted to percentages

	Total depreciation and amortization expense (in percent)	Allocation to business units (in percent)		
		A	B	C
Administrative computer center	100	50	50	
Other home office	100	50	25	25

(b) Application of percentages in (a) to average net book values in Table II, in accordance with criteria in Instructions for Form CASB CMF (Recorded, Leased Property, Corporate).

	Total net book value	Allocation to business units		
		A	B	C
Administrative computer center facilities capital	$500,000	$250,000	$250,000	
Other home office facilities capital	400,000	200,000	100,000	$100,000
Total	900,000	450,000	350,000	100,000

TABLE VII—"A" DIVISION 1975 OPERATING RESULTS

	Total cost input and G. & A.	Fixed price CAS-covered contracts	Cost reimbursement, CAS-covered contracts	Commercial and other work
Direct material:				
Purchased parts	$2,000,000	$100,000	$100,000	$1,800,000
Subcontract items	21,530,000	11,750,000	7,205,000	2,575,000
Total	23,530,000	11,850,000	7,305,000	4,375,000
Direct labor and overhead:				
Engineering labor	2,000,000	1,500,000	500,000	
Engineering overhead (80 pct of direct engineering labor)	1,600,000	1,200,000	400,000	
Manufacturing labor	3,000,000	1,200,000	200,000	1,600,000
Manufacturing overhead (200 pct of direct management labor)	6,000,000	2,400,000	400,000	3,200,000
Other direct charges				
Technical computer center direct charge—2,280 h at $250/h	570,000	200,000	370,000	

TABLE VII—"A" DIVISION 1975 OPERATING RESULTS—Continued

	Total cost input and G. & A.	Fixed price CAS-covered contracts	Cost reimbursement, CAS-covered contracts	Commercial and other work
Total cost input (excluding cost of money)	36,700,000	18,350,000	9,175,000	9,175,000
G. & A. (8.99 pct of cost input)	3,300,000	1,650,000	825,000	825,000
Total	40,000,000	20,000,000	10,000,000	10,000,000

TABLE VIII—COST DATA FOR THE CONTRACT

Purchased parts	$85,000
Subcontract items	990,000
Technical computer time 280 h at $250/h	70,000
Engineering labor	330,000
Engineering overhead at 80 pct	264,000
Manufacturing labor	1,210,000
Manufacturing overhead at 200 pct	2,420,000
Total cost input (excluding cost of money)	5,369,000
G. & A. at 8.99 pct	483,000
Total cost input and G. & A. (excluding cost of money)	5,852,000

TABLE IX—DIVISION A FACILITIES CAPITAL

Average net book values are computed in accordance with Instructions to Form CASB CMF. Average figures only are given, the underlying beginning and ending balances for 1975 have not been reproduced.

Name of indirect cost pool the asset is associated with	Average net book value	Annual depreciation
Engineering overhead	$320,000	$40,000
Manufacturing overhead	4,500,000	900,000
Technical computer center	450,000	90,000
Occupancy	3,000,000	200,000
Facilities capital recorded by division A (see Form CASB CMF instructions for description of recorded)	8,270,000	1,230,000
Allocated from home office, table VI	450,000	
Total division A	8,720,000	

TABLE X—ALLOCATION OF UNDISTRIBUTED FACILITIES CAPITAL

(a) *Occupancy Pool Assets.* Total occupancy pool expenses are assumed to be $1,000,000 of which $200,000 is depreciation per Table IX. Allocation of the $3,000,000 net book value of assets per Table IX is performed on the basis of floor space utilization.

Indirect cost pool	Occupancy expense and depreciation allocation	Percent of total floor space utilized	Asset allocation
Engineering	$200,000	20	$600,000
Manufacturing	750,000	75	2,250,000
Technical computer	50,000	5	150,000
Total	1,000,000	100	3,000,000

(b) *Technical Computer Center Assets.* Total technical computer center expenses for the year are assumed to be $770,000 including $90,000 depreciation per Table IX and $50,000 charge from the occupancy pool per paragraph (a) of this table. A charging rate of $250 per hour is computed assuming a total of 3,080 chargeable CPU hours per annum. The net book value of assets amounting to $600,000 [$450,000 per Table IX plus the $150,000 allocated per (a) above] is allocated on the basis of CPU hours utilized.

Overhead pool or cost objective	Hours charged	Amount charged	Percent	Asset allocation
Fixed price contracts, table VII	800	$200,000	26	$156,000
Cost reimbursement contracts, table VII	1,480	370,000	48	288,000
Engineering overhead pool	800	200,000	26	156,000
Total	3,080	770,000	100	600,000

(c) **Summary of Undistributed Facilities Capital Allocation.** Undistributed (per Table IX).

Technical computer center	$450,000
Occupancy	3,000,000
Total	3,450,000

Distribution per paragraph (a) or (b) of this table of balances to overhead pools that result in charges direct to final cost objectives.

Overhead pool	(a)	(b)	Total
Engineering	$600,000	$156,000	$756,000
Manufacturing	2,250,000		2,250,000
Technical computer center (direct charge to contracts)		444,000	444,000
Total	2,850,000	600,000	3,450,000

FORM CASB-CMF

TABLE XI

FACILITIES CAPITAL
COST OF MONEY FACTORS COMPUTATION
("Regular" Method - Cost of Money Excluded from Total Cost Input)

CONTRACTOR/BUSINESS UNIT: ABC Corp. A Division

ADDRESS:

COST ACCOUNTING PERIOD: Y.E. 12/31/7[illegible]

		1. APPLICABLE COST OF MONEY RATE 8 %	2. ACCUMULATION & DIRECT DISTRIBUTION OF N.O.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
BUSINESS UNIT FACILITIES CAPITAL	RECORDED Table IX		8,270,000	BASIS OF ALLOCATION	COLUMNS 2 + 3	COLUMNS 1X4	IN UNIT(S) OF MEASURE	COLUMNS 5 ÷ 6
	LEASED PROPERTY							
	CORPORATE OR GROUP Table VI		450,000	Worksheet Table X			Table VII	
	TOTAL		8,720,000					
	UNDISTRIBUTED		3,450,000					
	DISTRIBUTED		5,270,000					
OVERHEAD POOLS	Engineering Table IX		320,000	756,000	1,076,000	86,080	$2,000,000	.04304
	Manufacturing Table IX		4,500,000	2,250,000	6,750,000	540,000	$3,000,000	.18
	Technical Computer			444,000	444,000	35,520	2,280 hr	15.57895
G&A EXPENSE POOLS	G&A Expense Table VI		450,000		450,000	36,000	$36,700,000	.00098
TOTAL			5,270,000	3,450,000	8,720,000	697,600	//////////	//////////

FORM CASB-CMF

TABLE XII

FACILITIES CAPITAL
COST OF MONEY FACTORS COMPUTATION
("Alternative" Method - Cost of Money Excluded from Total Cost Input)

CONTRACTOR/BUSINESS UNIT: ABC Corp. A Division

ADDRESS:

COST ACCOUNTING PERIOD: Y.E. 12/31/7[illegible]

		1. APPLICABLE COST OF MONEY RATE 8 %	2. ACCUMULATION & DIRECT DISTRIBUTION OF N.O.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
BUSINESS UNIT FACILITIES CAPITAL	RECORDED Table IX		8,270,000	BASIS OF ALLOCATION	COLUMNS 2 + 3	COLUMNS 1X4	IN UNIT(S) OF MEASURE	COLUMNS 5 ÷ 6
	LEASED PROPERTY							
	CORPORATE OR GROUP Table VI		450,000	All to G&A Expense Pool	-		Table VII	
	TOTAL		8,720,000					
	UNDISTRIBUTED		3,450,000					
	DISTRIBUTED		5,270,000					
OVERHEAD POOLS	Engineering Table IX		320,000		320,000	25,600	$2,000,000	.0128
	Manufacturing Table IX		4,500,000		4,500,000	360,000	$3,000,000	.12
G&A EXPENSE POOLS	G&A Expense Table VI		450,000	3,450,000	3,900,000	312,000	$36,700,000	.00850
TOTAL			5,270,000	3,450,000	8,720,000	697,600	//////////	//////////

TABLE XIII—SUMMARY OF COST OF MONEY COMPUTATION ON FACILITIES CAPITAL (*cost of money excluded from total cost input*)

Allocation base	Allocated to contract table VIII	Computation using regular facilities capital cost of money factor, table XI	Amount	Computation using alternative facilities capital cost of money factor, table XII	Amount
Engineering labor	$330,000	0.04304	$14,203	0.0128	$4,224
Manufacturing labor	$1,210,000	.18	217,800	.12	145,200
Technical computer time	[1] 280	15.57895	4,362		
Cost input	$5,369,000	.00098	5,261	.00850	45,636
Total cost of money on facilities capital			241,626		195,060

[1] Hours.

VARIATION II—TOTAL COST INPUT ALLOCATION BASE INCLUDES COST OF MONEY

TABLE XIV—RECOMPUTATION OF "A" DIVISION TOTAL COST INPUT TO REFLECT INCLUSION OF COST OF MONEY

(a) Regular method:	
Total cost input per table VII	$36,700,000
Cost of money applicable to facilities capital identified with overhead pools per subtotal in column 5, table XV	661,600
Total cost input including cost of money	37,361,600
(b) Alternative method:	
Total cost input per table VII	36,700,000
Cost of money applicable to facilities capital identified with overhead pools per subtotal in column 5, table XVI	385,600
Total cost input including cost of money	37,085,900

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TABLE XV

FACILITIES CAPITAL
COST OF MONEY FACTORS COMPUTATION
("Regular" Method - Cost of Money
Included in Total Cost Input)

CONTRACTOR: ABC Corp.
BUSINESS UNIT: A Division
ADDRESS:

COST ACCOUNTING PERIOD: Y.E. 12/31/75		1. APPLICABLE COST OF MONEY RATE 8 %	2. ACCUMULATION & DIRECT DISTRIBUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
BUSINESS UNIT FACILITIES CAPITAL	RECORDED Table IX		8,270,000	BASIS OF ALLOCATION	COLUMNS 2 + 3	COLUMNS 1X4	IN UNITS OF MEASURE	COLUMNS 5 ÷ 6
	LEASED PROPERTY							
	CORPORATE OR GROUP Table VI		450,000	Worksheet Table X				
	TOTAL		8,720,000					
	UNDISTRIBUTED		3,450,000				Table VII A Table XIV	
	DISTRIBUTED		5,270,000					
OVERHEAD POOLS	Engineering Table IX		320,000	756,000	1,076,000	86,080	$2,000,000	.04304
	Manufacturing Table IX		4,500,000	2,250,000	6,750,000	540,000	$3,000,000	.18
	Technical Computer			444,000	444,000	35,520	2,200 hr	15.57895
	Subtotal: Cost of Money to be included in Total Cost Input					661,600		
G&A EXPENSE POOLS	G&A Expense Table VI		450,000		450,000	36,000	$37,361,600	.00096
TOTAL			5,270,000	3,450,000	8,720,000	697,600	//////////	//////////

FORM CASB-CMF

TABLE XVI

FACILITIES CAPITAL
COST OF MONEY FACTORS COMPUTATION
("Alternative" Method - Cost of Money
Included in Total Cost Input)

CONTRACTOR: ABC Corp.
BUSINESS UNIT: A Division
ADDRESS:

COST ACCOUNTING PERIOD: Y.E. 12/31/75		1. APPLICABLE COST OF MONEY RATE 8 %	2. ACCUMULATION & DIRECT DISTRIBUTION OF N.B.V.	3. ALLOCATION OF UNDISTRIBUTED	4. TOTAL NET BOOK VALUE	5. COST OF MONEY FOR THE COST ACCOUNTING PERIOD	6. ALLOCATION BASE FOR THE PERIOD	7. FACILITIES CAPITAL COST OF MONEY FACTORS
BUSINESS UNIT FACILITIES CAPITAL	RECORDED Table IX		8,270,000	BASIS OF ALLOCATION	COLUMNS 2 + 3	COLUMNS 1X4	IN UNITS OF MEASURE	COLUMNS 5 ÷ 6
	LEASED PROPERTY							
	CORPORATE OR GROUP Table VI		450,000	All to G&A Expense Pool				
	TOTAL		8,720,000				Table VII A Table XIV	
	UNDISTRIBUTED		3,450,000					
	DISTRIBUTED		5,270,000					
OVERHEAD POOLS	Engineering Table IX		320,000		320,000	25,600	$2,000,000	.0128
	Manufacturing Table IX		4,500,000		4,500,000	360,000	$3,000,000	.12
	Subtotal: Cost of Money to be included in Total Cost Input					385,600		
G&A EXPENSE POOLS	G&A Expense Table VI		450,000	3,450,000	3,900,000	312,000	$37,005,600	.00843
TOTAL			5,270,000	3,450,000	8,720,000	697,600	//////////	//////////

TABLE XVII—SUMMARY OF COST OF MONEY COMPUTATION ON FACILITIES CAPITAL (cost of money included in total cost input—regular method)

Allocation base	Allocated to contract, table VIII	Computation using regular facilities, capital cost of money factor, table XV	Amount
Engineering labor	$330,000	0.04304	$14,203
Manufacturing labor	$1,210,000	.18	217,800
Technical computer time	[1]280	15.57895	4,362
Cost of money related to overheads			236,365
Cost of money above to be included in cost input	$236,365		
Cost input, table VIII	$5,369,000		
Cost input including cost of money	$5,605,365	.00096	5,381
Total cost of money on facilities capital			241,674

[1] Hours.

TABLE XVIII—SUMMARY OF COST OF MONEY COMPUTATION ON FACILITIES CAPITAL (cost of money included in total cost input—alternative method)

Allocation base	Allocated to contract, table VIII	Computation using alternative facilities, capital cost of money factor, table XVI	Amount
Engineering labor	$330,000	0.0128	$4,224
Manufacturing labor	1,210,000	.12	145,200
Cost of money related to overheads			149,424
Cost of money above to be included in cost input	$149,424		
Cost input, table VIII	5,369,000		
Cost input including cost of money	$5,518,424	.00841	$46,410
Total cost of money on facilities capital			195,834

30.415 Accounting for the cost of deferred compensation.

30.415-10 [Reserved]

30.415-20 Purpose.

(a) The purpose of this Standard is to provide criteria for the measurement of the cost of deferred compensation and the assignment of such cost to cost accounting periods. The application of these criteria should increase the probability that the cost of deferred compensation is allocated to cost objectives in a uniform and consistent manner.

(b) This Standard is applicable to the cost of all deferred compensation except for compensated personal absence and pension plan costs which are covered in other Cost Accounting Standards.

30.415-30 [Reserved]

30.415-40 Fundamental requirement.

(a) The cost of deferred compensation shall be assigned to the cost accounting period in which the contractor incurs an obligation to compensate the employee. In the event no obligation is incurred prior to payment, the cost of deferred compensation shall be the amount paid and shall be assigned to the cost accounting period in which the payment is made.

(b) The measurement of the amount of the cost of deferred compensation shall be the present value of the future benefits to be paid by the contractor.

(c) The cost of each award of deferred compensation shall be considered separately for purposes of measurement and assignment of such costs to cost accounting periods. However, if the cost of deferred compensation for the employees covered by a deferred compensation plan can be measured with reasonable accuracy on a group basis, separate computations for each employee are not required.

30.415-50 Techniques for application.

(a) The contractor shall be deemed to have incurred an obligation for the cost of deferred compensation when all of the following conditions have been met. However, for awards which require that the employee perform future service in order to receive the benefits, the obligation is deemed to have been incurred as the future service is performed for that part of the award attributable to such future service:

(1) There is a requirement to make the future payment(s) which the contractor cannot unilaterally avoid.

(2) The deferred compensation award is to be satisfied by a future payment of money, other assets, or shares of stock of the contractor.

(3) The amount of the future payment can be measured with reasonable accuracy.

(4) The recipient of the award is known.

(5) If the terms of the award require that certain events must occur before an employee is entitled to receive the benefits, there is a reasonable probability that such events will occur.

(6) For stock options, there must be a reasonable probability that the options ultimately will be exercised.

(b) If any of the conditions in 30.415-50(a) is not met, the cost of deferred compensation shall be assignable only to the cost accounting period or periods in which the compensation is paid to the employee.

(c) If the cost of deferred compensation can be estimated with reasonable accuracy on a group basis, including consideration of probable forfeitures, such estimate may be used as the basis for measuring and assigning the present value of future benefits.

(d) The following provisions are applicable for plans that meet the conditions of 30.415-50(a) and the compensation is to be paid in money.

(1) If the deferred compensation award provides that the amount to be paid shall include the principal of the award plus interest at a rate fixed at the

date of award, such interest shall be included in the computation of the amount of the future benefit. If no interest is included in the award, the amount of the future benefit is the amount of the award.

(2) If the deferred compensation award provides for payment of principal plus interest at a rate not fixed at the time of award but based on a specified index which is determinable in each applicable cost accounting period, e.g., a published corporate bond rate, such interest shall be included in the computation of the amount of future benefit. The interest rate to be used shall be the rate in effect at the close of the period in which the cost of deferred compensation is assignable. Since that interest rate is likely to vary from the actual rates in future periods, adjustments shall be made in any such future period in which the variation in rates materially affects the cost of deferred compensation.

(3) If the deferred compensation award provides for payment of principal plus interest at a rate not based on a specified index or not determinable in each applicable year, the

(i) Cost of deferred compensation for the principal of the award shall be measured by the present value of the future benefits of the principal and shall be assigned to the cost accounting period in which the employer incurs an obligation to compensate the employee;

(ii) Interest on such awards shall be assigned to the cost accounting period(s) in which the payment of the deferred compensation is made.

(4) If the terms of the award require that the employee perform future service in order to receive benefits, the cost of the deferred compensation shall be appropriately assigned to the periods of current and future service based on the facts and circumstances of the award. The cost of deferred compensation for each cost accounting period shall be the present value of the future benefits of the deferred compensation calculated as of the end of each such period to which such cost is assigned.

(5) In computing the present value of the future benefits, the discount rate shall be equal to the interest rate as determined by the Secretary of the Treasury pursuant to Pub. L. 92–41, 85 Stat. 97, at the time the cost is assignable.

(6) If the award is made under a plan which requires irrevocable funding for payment to the employee in a future cost accounting period together with all interest earned thereon, the amount assignable to the period of award shall be the amount irrevocably funded.

(7) In computing the assignable cost for a cost accounting period, any forfeitures which reduce the employer's obligation for payment of deferred compensation shall be a reduction of contract costs in the period in which the forfeiture occurred. The amount of the reduction for a forfeiture shall be the amount of the award that was assigned to a prior period, plus interest compounded annually, using the same Treasury rate that was used as the discount rate at the time the cost was assigned. For irrevocably funded plans, pursuant to 30.415–50(d)(6), the amount of the reduction for a forfeiture shall be the amount initially funded plus or minus a pro-rata share of the gains and losses of the fund.

(8) If the cost of deferred compensation for group plans measured in accordance with 30.415–50(c) is determined to be greater than the amounts initially assigned because the forfeiture was overestimated, the additional cost shall be assignable to the cost accounting period in which such cost is ascertainable.

(e) The following provisions are applicable for plans that meet the conditions of 30.415–50(a) and the compensation is received by the employee in other than money. The measurements set forth herein constitute the present value of future benefits for awards made in other than money and, therefore, shall be deemed to be a reasonable measure of the amount of the future payment:

(1) If the award is made in the stock of the contractor, the cost of deferred compensation for such awards shall be based on the market value of the stock on the measurement date; i.e., the first date the number of shares awarded is known. Market value is the current or prevailing price of the security as indicated by market quotations. If such values are unavailable or not appropriate (thin market, volatile price movements, etc.) an acceptable alternative is the fair value of the stock.

(2) If an award is made in the form of options to employees to purchase stock of the contractor, the cost of deferred compensation of such award shall be the amount by which the market value of the stock exceeds the option price multiplied by the number of shares awarded on the measurement date; i.e., the first date on which both the option price and the number of shares is known. If the option price on the measurement date is equal to or greater than the market value of the stock, no cost shall be deemed to have been incurred for contract costing purposes.

(3) If the terms of an award of stock or stock option require that the employee perform future service in order to receive the stock or to exercise the option, the cost of the deferred compensation shall be appropriately assigned to the periods of current and future service based on the facts and circumstances of the award The cost to be assigned shall be the value of the stock or stock option at the measurement date as prescribed in 30.415–50(e)(1) or (e)(2).

(4) If an award is made in the form of an asset other than cash, the cost of deferred compensation for such award shall be based on the market value of the asset at the time the award is made. If a market value is not available, the fair value of the asset shall be used.

(5) If the terms of an award, made in the form of an asset other than cash, require that the employee perform future service in order to receive the asset, the cost of the deferred compensation shall be appropriately assigned to the periods of current and future service based on the facts and circumstances of the award. The cost to be assigned shall be the value of the asset at the time of award as prescribed in 30.415–50(e)(4).

(6) In computing the assignable cost for a cost accounting period, any forfeitures which reduce the employer's obligation for payment of deferred compensation shall be a reduction of contract costs in the period in which the forfeiture occurred. The amount of the reduction shall be equal to the amount of the award that was assigned to a prior period, plus interest compounded annually, using the Treasury rate (see 30.415–50(d)(5)) that was in effect at the time the cost was assigned. If the recipient of the award of stock options voluntarily fails to exercise such options, such failure shall not constitute a forfeiture under provisions of this Standard.

(7) Stock option awards or any other form of stock purchase plans containing all of the following characteristics shall be considered noncompensatory and not covered by this Standard:

(i) Substantially all full-time employees meeting limited employment qualifications may participate.

(ii) Stock is offered equally to eligible employees or based on a uniform percentage of salary or wages.

(iii) An option or a purchase right must be exercisable within a reasonable period.

(iv) The discount from the market price of the stock is no greater than would be reasonable in an offer of stock to stockholders or others.

30.415–60 Illustrations.

(a) Contractor A has a deferred compensation plan in which all cash awards are increased each year by an interest factor equivalent to the long-term borrowing rate of the contractor prevailing during each such year. The interest factor based on a variable long-term borrowing rate meets the criteria of 30.415–50(d)(2). Consequently, the cost of deferred compensation for Contractor A shall be measured by the present value of the future benefits and shall be assigned to the cost accounting period in which the contractor initially incurs an obligation to compensate the employee. If the long-term borrowing rate for Contractor A was nine percent at the close of the period to which the cost of deferred compensation was assignable, then that rate should be used to calculate the future benefit. Any adjustment in the cost of deferred compensation which results from a material change in the nine percent rate in future applicable periods shall be made in each such future period or periods (see 30.415–50(d)(2)).

(b) Contractor B made a deferred compensation award of $10,000 to an employee on December 31, 1976, for services performed in 1976 to be paid in equal annual payments of $2,000 starting at December 31, 1981. The terms of the award do not provide for an interest factor to be included in the payment; consequently, according to provisions of 30.415–50(d)(1), interest may not be included in the computation of the future benefit. The assignable cost for 1976 is computed as follows, assuming that the interest rate determined by the Secretary of the Treasury (pursuant to Pub. L. 92–41, 85 Stat. 97) at the time of award is eight percent and the conditions set forth in 30.415–50(a) are met.

Year	Amount of future payment × Discount rate 8-pct present value factor = Present value
1981	$2,000 × 0.6805 = $1,361
1982	2,000 × .6301 = 1,260
1983	2,000 × .5834 = 1,167
1984	2,000 × .5402 = 1,080
1985	2,000 × .5002 = 1,000
Assignable cost for 1976	5,868

(c) Contractor C awarded stock options for 1,000 shares of the contractor to key employees on December 31, 1976, under a deferred compensation plan requiring 2 years of additional service before the awards can be exercised. The facts and circumstances of the awards indicate that the deferred compensation applies only to the periods of future service. The market price of the stock was $26 per share, the option price was $22, and the interest rate established by the Secretary of the Treasury in effect at the time of award was 8 percent.

(1) In accordance with 30.415–50(e)(2), the cost of the stock options is the amount by which the current value of the stock exceeds the option price multiplied by the number of shares awarded on the measurement date. Thus, the total cost of the stock options is 1,000 shares multiplied by the difference of the option price and the market price ($26 − 22) or $4,000.

(2) Under provisions of 30.415–50(e)(3), the cost for stock options is assigned to each future cost accounting period in which employee service is required and is computed as follows:

	Assignable Cost [1]
Year of required service:	
1977	$2,000
1978	2,000
Total amount of award	4,000

[1] Note that this illustration assumes that the facts and circumstances of the award indicate that the award relates equally to each period of future service. Thus, the assignable cost was allocated on a pro-rata basis.

(d) (1) Contractor D has a deferred compensation plan that specifies that an employee receiving a cash award must remain with the company for 3 calendar years after the award in order to qualify and receive the award and the facts and circumstances indicate that the deferred compensation applies only to the periods of future service. In accordance with 30.415–50(d)(4), the cost of deferred compensation is assignable to the periods of future service. Thus, the amount of cost of deferred compensation to be assigned by Contractor D for each of the 3 years shall be the present value of the future benefits of the deferred compensation award calculated as of the end of each such period to which such cost is assigned.

(2) Under this plan, Contractor D made an award to an employee of $3,000 to be paid at the end of the third year. The assignable cost for each of the 3 years is computed as follows:

Year [1]	Amount of future payment	×	Present value factor [2] using prevailing Treasury rate [3]	=	Assignable cost for each year
1					
2	$1,000	×	0.8573 (8 pct for 2 yr)	=	$857.30
3	1,000	×	0.9302 (7.5 pct for 1 yr)	=	930.20
	1,000	×	1.000 (8 pct for 0 yr)	=	1,000.00

[1] Note that in accordance with the facts and circumstances of the award no deferred compensation is assignable to the period in which the award is made and that the award relates equally to each period of future service.

[2] Note that since the costs are measured at the end of each year of required service, the present value factors are based on the number of years from the year of assignment to the date of payment.

[3] Note that the prevailing Treasury rate changed from year 1 to year 2.

(e) (1) Contractor E has a deferred compensation plan that specifies that an employee receiving a cash award must remain with the company for two calendar years after the award in order to qualify and receive the award.

Contractor E made an award of $6,000 at the end of 1976 to an employee to be paid at the end of 1978. However, the employee voluntarily terminated his employment before the end of 1977. The facts and circumstances of the award indicate that $2,000 of the award represents compensation for services rendered in the period of award (1976). The remaining portion of the award represents compensation for services to be rendered in future periods. The assignable cost for 1976, which was the only period to which costs were assigned before termination, was the present value of $2,000, the amount of the award attributable to the services of that period. Thus, the cost assigned for 1976 was:

Amount of future payment × Discount rate present value factor for 2 yr at 8 pct = Assignable cost

$2,000 × 0.8573 = $1,714.60

(2) According to provisions of 30.415–50(d)(7), the amount of the forfeiture shall be the amount of the cost that was assigned to a prior period, plus interest compounded annually, from the year the cost was assigned to the year of forfeiture, using the same Treasury rate (see 30.415–50(d)(5)) that was used as the discount rate at the time the cost was assigned. The Treasury rate in effect at the date of award was eight percent.

(3) The amount of the forfeiture is computed as follows:

Assignable cost × Discount rate future value factor for 1 yr at 8 pct = Forfeiture

$1,714.60 × 1.08 = $1,851.77

30.416 Accounting for insurance costs.

30.416-10 [Reserved]

30.416-20 Purpose.

The purpose of this standard is to provide criteria for the measurement of insurance costs, the assignment of such costs to cost accounting periods, and their allocation to cost objectives. The application of these criteria should increase the probability that insurance costs are allocated to cost objectives in a uniform and consistent manner.

30.416-30 [Reserved]

30.416-40 Fundamental requirement.

(a) The amount of insurance cost to be assigned to a cost accounting period is the projected average loss for that period plus insurance administration expenses in that period.

(b) The allocation of insurance costs to cost objectives shall be based on the beneficial or causal relationship between the insurance costs and the benefiting or causing cost objectives.

30.416-50 Techniques for application.

(a) *Measurement of projected average loss.*

(1) For exposure to risk of loss which is covered by the purchase of insurance or by payments to a trusteed fund, the premium or payment, adjusted in accordance with the following criteria, shall represent the projected average loss:

(i) The premium cost applicable to a given policy term shall be assigned pro rata among the cost accounting periods covered by the policy term, except as provided in subdivisions (a)(1)(ii) through (vi) of this subsection. A refund, dividend or additional assessment shall become an adjustment to the pro rata premium costs for the earliest cost accounting period in which the refund or dividend is actually or constructively received or in which the additional assessment is payable.

(ii) Where insurance is purchased specifically for, and directly allocated to, a single final cost objective, the premium need not be prorated among cost accounting periods.

(iii) Any part of a premium or payment to an insurer or trustee, or any part of a dividend or premium refund retained by an insurer or trustee which would be includable as a deposit in published financial statements prepared in accordance with generally accepted accounting principles shall be accounted for as a deposit for the purpose of determining insurance costs.

(iv) Any part of a premium or payment to an insurer or to a trustee, or any part of a dividend or premium refund retained by an insurer, for inclusion in a reserve or fund established and maintained on behalf of the insured or the policyholder or trustor, shall be accounted for as a deposit unless the following conditions are met:

(A) The objectives of the reserve or fund are clearly stated in writing.

(B) Measurement of the amount required for the reserve or fund is actuarially determined and is consistent with the objectives of the reserve or fund.

(C) Payments and additions to the reserve or fund are made in a systematic and consistent manner.

(D) If payments to accomplish the stated objectives of the reserve or fund are made from a source other than the reserve or fund, the payments into the reserve or fund are reduced accordingly.

(v) If an objective of an insurance program is to prefund insurance coverage on retired persons, then, in addition to the requirements imposed by subdivision (a)(1)(iv) of this subsection:

(A) Payments must be made to an insurer or trustee to establish and maintain a fund or reserve for that purpose;

(B) The policyholder or trustor must have no right of recapture of the reserve or fund so long as any active or retired participant in the program remains alive unless the interests of such remaining participants are satisfied through adequate reinsurance or otherwise; and

(C) The amount added to the reserve or fund in any cost accounting period must not be greater than an amount which would be required to apportion the cost of the insurance coverage fairly over the working lives of the active employees in the plan. If a contractor establishes a terminal-funded plan for retired persons or converts from a pay-as-you-go plan to a terminal-funded plan, the actuarial present value of benefits applicable to employees already retired shall be amortized over a period of 15 years.

(vi) The contractor may adopt and consistently follow a practice of determining insurance costs based on the estimated premium and assessments net of estimated refunds and dividends. If this practice is adopted, then any difference between an estimated and actual refund, dividend, or assessment shall become an adjustment to the pro rata net premium costs for the earliest cost accounting period in which the refund or dividend is actually or constructively received or in which the additional assessment is payable.

(2) For exposure to risk of loss which is not covered by the purchase of insurance or by payments to a trusteed fund, the contractor shall follow a program of self-insurance accounting according to the following criteria:

(i) Except as provided in subdivisions (a)(2) (ii) and (iii) of this subsection actual losses shall not become a part of insurance costs. Instead, the contractor shall make a self-insurance charge for each period for each type of self-insured risk which shall represent the projected average loss for that period. If insurance could be purchased against the self-insured risk, the cost of such insurance may be used as an estimate of the projected average loss; if this method is used, the self-insurance charge plus insurance administration expenses may be equal to, but shall not exceed, the cost of comparable purchased insurance plus the associated insurance administration expenses. However, the contractor's actual loss experience shall be evaluated regularly, and self-insurance charges for subsequent periods shall reflect such experience in the same manner as would purchased insurance. If insurance could not be purchased against the self-insured risk, the amount of the self-insurance charge for each period shall be based on the contractor's experience, relevant industry experience, and anticipated conditions in accordance with accepted actuarial principles.

(ii) Where it is probable that the actual amount of losses which will occur in a cost accounting period will not differ significantly from the projected average loss for that period, the actual amount of losses in that period may be considered to represent the projected average loss for that period in lieu of a self-insurance charge.

(iii) Under self-insurance programs for retired persons, only actual losses shall be considered to represent the projected average loss unless a reserve or fund is established in accordance with 30.416-50(a)(1)(v).

(iv) The self-insurance charge shall be determined in a manner which will give appropriate recognition to any indemnification agreement which exists between the contracting parties.

(3) In measuring actual losses under subparagraph (a)(2) of this subsection:

(i) The amount of a loss shall be measured by (A) the actual cash value of property destroyed, (B) amounts paid

or accrued to repair damage, (C) amounts paid or accrued to estates and beneficiaries, and (D) amounts paid or accrued to compensate claimants, including subrogation. Where the amount of a loss which is represented by a liability to a third party is uncertain, the estimate of the loss shall be the amount which would be includable as an accrued liability in financial statements prepared in accordance with generally accepted accounting principles.

(ii) If a loss has been incurred and the amount of the liability to a claimant is fixed or reasonably certain, but actual payment of the liability will not take place for more than 1 year after the loss is incurred, the amount of the loss to be recognized currently shall not exceed the present value of the future payments, determined by using a discount rate equal to that prescribed for settling such claims by the State having jurisdiction over the claim. If no such rate is prescribed by the State, then the rate shall be equal to the interest rate as determined by the Secretary of the Treasury pursuant to Pub. L. 92–41, 85 Stat. 97, in effect at the time the loss is recognized. Alternatively, where settlement will consist of a series of payments over an indefinite time period, as in worker's compensation, the contractor may follow a consistent policy of recognizing only the actual amounts paid in the period of payment.

(4) The contractor may elect to recognize immaterial amounts of self-insured losses or insurance administration expenses as part of other expense categories rather than as "insurance costs."

(b) *Allocation of insurance costs:* (1) Where actual losses are recognized as an estimate of the projected average loss, in accordance with 30.416–50(a)(2), or where actual loss experience is determined for the purpose of developing self-insurance charges by segment, a loss which is incurred in a given segment shall be identified with that segment. However, if the contractor's home office is, in effect, a reinsurer of its segments against catastrophic losses, a portion of such catastrophic losses shall be allocated to, or identified with, the home office.

(2) Insurance costs shall be allocated on the basis of the factors used to determine the premium, assessment, refund, dividend, or self-insurance charge, except that insurance costs incurred by a segment or allocated to a segment from a home office may be combined with costs of other indirect cost pools if the resultant allocation to each final cost objective is substantially the same as it would have been if separately allocated under this provision.

(3) Insurance administration expenses which are material in relation to total insurance costs shall be allocated on the same basis as the related premium costs or self-insurance charge.

(c) *Records.* The contractor shall maintain such records as may be necessary to substantiate the amounts of premiums, refunds, dividends, losses, and self-insurance charges, paid or accrued, and the measurement and allocation of insurance costs. Memorandum records may be used to reflect any material differences between insurance costs as determined in accordance with this standard and as includable in financial statements prepared in accordance with generally accepted accounting principles.

30.416–60 Illustrations.

(a) Contractor A pays a company-wide property and casualty insurance premium for the policy term July 1, 1980, to July 1, 1983, and includes the entire amount as cost in its cost accounting period which ended December 31, 1980. This is a violation of 30.416–50(a)(1)(i) in that only one-sixth of the policy term fell within the cost accounting period which ended December 31, 1980, and therefore only one-sixth of the premium should have been included in cost in that cost accounting period.

(b) Contractor B has a retrospectively rated worker's compensation insurance program. The policy term corresponds with the contractor's cost accounting period. Premium refunds are normally received and applied in the following cost accounting period. The contractor's practice is to include the entire gross premium in insurance cost in the cost accounting period in which it is paid and to credit the refund against insurance cost in the cost accounting period in which it is received. This practice conforms with 30.416–50(a)(1)(i). The contractor could also, under the provisions of 30.416–50(a)(1)(vi), have followed a consistent practice of estimating such refunds in advance and including the estimated net premium in insurance cost.

(c) Contractor C establishes a self-insured program of life insurance for active and retired persons. The contractor pays death benefits directly to the beneficiaries of deceased employees and includes such payments in insurance costs at the time of payment. This practice complies with 30.416–50(a)(2)(iii) which requires that only the actual losses be recognized unless a trusteed reserve or fund is established in accordance with 30.416–50(a)(1)(v).

(d) Instead of paying death benefits directly, contractor D purchases annual group term life insurance on active and retired persons and charges the premiums to insurance costs (with proper recognition for refunds and dividends). Contractor D's retired persons wish to be protected against possible discontinuance of the program. Contractor D, therefore, establishes a trusteed fund. As each employee retires, contractor D deposits in the fund an amount which is equal to the premium on a paid-up policy for that employee, and he advises the trustee that the fund is to be used to continue to pay premiums on retired persons in the event the program is discontinued. The contractor also continues to purchase group term insurance on both active employees and retired persons and charges both the premiums and the deposits to insurance costs. This practice does not comply with 30.416–50(a)(1)(iv)(D) which requires that if payments to accomplish the stated objectives of the reserve or funds are made from a source other than the reserve or fund, the payments into the fund shall be reduced accordingly.

Note: In this instance the contractor could comply with the standard by paying from the fund that portion of the group term premium which represented the retired persons or by reducing the deposits to the fund by an equivalent amount in accordance with 30.416–50(a)(1)(iv)(D). This practice would also comply with the requirement of 30.416–50(a)(1)(v)(C) that the amount added to the fund not be greater than an amount which would be required to fairly allocate the cost over the working lives of the active employees in the plan.

(e) Contractor E wishes to provide assurance of his life insurance program continuance to both active and retired employees. He establishes a trusteed fund in accordance with 30.416–50(a)(1)(iv) and (v) and thereafter pays into the fund each year for each active employee an actuarially determined amount which will accumulate to the equivalent of the premium on a paid-up life insurance policy at retirement. He charges the annual payments to insurance costs. Benefits are paid directly from the fund (or the fund is used to pay the annual premiums on group term life insurance for all employees). This practice also complies with the requirement of 30.416–50(a)(1)(v)(C) that the amount added to the fund not be greater than an amount which would be required to fairly allocate the cost over the working lives of the active employees in the plan.

(f) Contractor F has a fire insurance policy which provides that the first $50,000 of any fire loss will be borne by

the contractor. Because the risk of loss is dispersed among many physical units of property and the average potential loss per unit is relatively low, the actual losses in any period may be expected not to differ significantly from the projected average loss. Therefore, the contractor intends to let the actual losses represent the projected average loss for this exposure to risk. Property with an actual cash value of $80,000 is destroyed in a fire. The contractor charges the $50,000 of the loss not covered by the policy to insurance costs for contract costing purposes. The practice complies with the requirement of 30.416–50(a)(2). However, had the contractor's plan been to make a self-insurance charge for such losses, then any difference between the self-insurance charge and actual losses in that cost accounting period would not have been allocable as an insurance cost.

(g) Contractor G is preparing to enter into a Government contract to produce explosive devices. The contractor is unable to purchase adequate insurance protection and must act as a self-insurer. There is a significant possibility of a major loss, against which the Government will not undertake to idemnify the contractor. The contractor, therefore, intends to make a self-insurance charge for this exposure to risk. The contractor may, in accordance with 30.416–50(a)(2)(i), use data obtained from other contractors or any other reasonable method of estimating the projected average loss in order to determine the self-insurance charge.

(h) Contractor H purchases liability insurance for all of its motor vehicles in a single, company-wide policy which contains a $50,000 deductible provision. However, the company's management policy provides that when a loss is incurred in a segment, only the first $5,000 of the loss will be charged to the segment; the balance of the loss will be absorbed at the home-office level and reallocated among all segments. Because the risk of loss is dispersed among many physical units and the maximum potential loss per occurrence is limited, the actual losses in any cost accounting period may be expected not to differ significantly from the projected average loss. Therefore, the contractor intends to let the actual losses represent the projected average loss for this exposure to risk. An analysis of the loss experience shows that many past losses exceeded $5,000. Contractor H's practice of allocating the loss in excess of $5,000 to the home office is a violation of 30.416–50(b)(1)(ii). The limit of $5,000 cannot realistically be considered a measure of a "catastrophic" loss when losses frequently exceed this amount, and the use of a limit this low would obscure segment loss experience.

30.417 Cost of money as an element of the cost of capital assets under construction.

30.417–10 [Reserved]

30.417–20 Purpose.

The purpose of this Cost Accounting Standard is to establish criteria for the measurement of the cost of money attributable to capital assets under construction, fabrication or development as an element of the cost of those assets. Consistent application of these criteria will improve cost measurement by providing for recognition of cost of contractor investment in assets under construction, and will provide greater uniformity in accounting for asset acquisition costs.

30.417–30 [Reserved]

30.417–40 Fundamental requirement.

The cost of money applicable to the investment in tangible and intangible capital assets being constructed, fabricated, or developed for a contractor's own use shall be included in the capitalized acquisition cost of such assets.

30.417–50 Techniques for application.

(a) The cost of money for an asset shall be calculated as follows:

(1) The cost of money rate used shall be based on interest rates determined by the Secretary of the Treasury pursuant to Pub. L. 92–41 (85 Stat. 97).

(2) A representative investment amount shall be determined each cost accounting period for each capital asset being constructed, fabricated, or developed giving appropriate consideration to the rate at which costs of construction are incurred.

(3) Other methods for calculating the cost of money to be capitalized, such as the method used for financial accounting and reporting, may be used, provided the resulting amount does not differ materially from the amount calculated by use of subparagraphs (a) (1) and (2), of this subsection.

(b) If substantially all the activities necessary to get the asset ready for its intended use are discontinued, cost of money shall not be capitalized for the period of discontinuance. However, if such discontinuance arises out of causes beyond the control and without the fault or negligence of the contractor, cessation of cost of money capitalization is not required.

30.417–60 Illustrations.

(a) A contractor decided to build a major addition to his plant using both his own labor and outside subcontractors. It took 13 months to complete the building. The first 10 months of the construction period were in one cost accounting period. At the end of the cost accounting period the total charges, including cost of money computed in accordance with 30.414, accumulated in the construction-in-progress account for this project amounted to $750,000. However, most of these construction costs were incurred towards the end of the cost accounting period. In developing a method for determining a representative investment amount, appropriate consideration must be given to the rate at which costs have been incurred in accordance with 30.417–50(a)(2). Therefore, the contractor averaged the 10 month-end balances and determined that the average investment in the project was $245,000. Two cost of money rates were in effect during the 10-month period; their time-weighted average was determined to be 8.6 percent. Application of the 8.6 percent rate for ten-twelfths of a year to the representative balance of $245,000 resulted in the determination that $17,448 should be added to the construction-in-progress account in recognition of the cost of money related to this project in its first cost accounting period. The project was completed with the addition of $750,000 of additional costs during the first 3 months of the subsequent cost accounting period. The contractor considered the 3 month-end balances (which included the $17,558 capitalized cost of money described in the preceding paragraph) and determined that the representative balance was $1,234,000. The cost of money rate in effect during this 3-month period was 7.75 percent. Applying the rate of 7.75 percent for one-fourth of a year to the balance of $1,234,000 resulted in a determination that $23,909 should be added to the construction-in-progress account in recognition of the cost of money while under construction in the second cost accounting period. The capitalized project was put into service at the recognized cost of acquisition of $1,541,467 which consists of the "regular" costs of $1,500,000 plus $17,558 and $23,909 cost of money. This practice is in accordance with 30.417–50(a) and other applicable provisions of the Standard.

Note: An alternative technique would be to make separate calculations, using an appropriate investment amount and cost of money rate, for each month. The sum of the monthly cost of money amounts could be

entered in the construction-in-progress account once each cost accounting period.

(b) A contractor built a major addition with identical basic data to those described in 30.417–60(a) except that the costs were incurred at a fairly uniform rate throughout the period. Because of the pattern of cost incurrence, the contractor used beginning and ending balances of the cost accounting period to find the representative amounts. For the first cost accounting period the representative investment amount was the average of the beginning and ending balances (zero and $750,000), or $375,000. Application of the average interest rate of 8.6 percent for ten-twelfths of a year resulted in the determination that $26,875 should be added to the construction-in-progress account in recognition of the cost of money related to this project in its first cost accounting period. During the subsequent three months the contractor used the representative balance of $1,151,875, derived by averaging the beginning balance of $776,875 ($750,000 "regular" cost plus the $26,875 imputed cost from the prior period) and the balance at the end, $1,526,875. Applying the 7.75% cost of money rate to this balance for a three-month period resulted in a determination that $22,317 should be added to the construction-in-progress account in recognition of the cost of money while under construction in the second cost accounting period. The capitalized project was put into service at the recognized cost of acquisition of $1,549,192 which consists of the "regular" costs of $1,500,000 plus $26,875 and $22,317 imputed cost of money. This practice is in accordance with 30.417–50(a) and other applicable provisions of the Standard.

Note: If this contractor, acting in accordance with established Standards for financial accounting, allocated a portion of its paid interest expense to this construction project and the resultant acquisition cost for financial reporting purposes was not materially different from $1,549,192, the contractor could, in accordance with 30.417–50(a)(iii), use the same acquisition cost for contract costing purposes.

30.418 Allocation of direct and indirect costs.

30.418–10 [Reserved]

30.418–20 Purpose.

The purpose of this Cost Accounting Standard is (a) to provide for consistent determination of direct and indirect costs, (b) to provide criteria for the accumulation of indirect costs, including service center and overhead costs, in indirect cost pools, and (c) to provide guidance relating to the selection of allocation measures based on the beneficial or causal relationship between an indirect cost pool and cost objectives. Consistent application of these criteria and guidance will improve classification of costs as direct and indirect and the allocation of indirect costs.

30.418–30 [Reserved]

30.418–40 Fundamental requirements.

(a) A business unit shall have a written statement of accounting policies and practices for classifying costs as direct or indirect which shall be consistently applied.

(b) Indirect costs shall be accumulated in indirect cost pools which are homogeneous.

(c) Pooled costs shall be allocated to cost objectives in reasonable proportion to the beneficial or causal relationship of the pooled costs to cost objectives as follows:

(1) If a material amount of the costs included in a cost pool are costs of management or supervision of activities involving direct labor or direct material costs, resource consumption cannot be specifically identified with cost objectives. In that circumstance, a base shall be used which is representative of the activity being managed or supervised.

(2) If the cost pool does not contain a material amount of the costs of management or supervision of activities involving direct labor or direct material costs, resource consumption can be specifically identified with cost objectives. The pooled cost shall be allocated based on the specific identifiability of resource consumption with cost objectives by means of one of the following allocation bases:

(i) A resource consumption measure, (ii) an output measure, or (iii) a surrogate that is representative of resources consumed. The base shall be selected in accordance with the criteria set out in 30.418–50(e).

(d) To the extent that any cost allocations are required by the provisions of other Cost Accounting Standards, such allocations are not subject to the provisions of this Standard.

(e) This Standard does not cover accounting for the costs of special facilities where such costs are accounted for in separate indirect cost pools.

30.418–50 Techniques for application.

(a) *Determination of direct cost and indirect cost.* (1) The business unit's written policy classifying costs as direct or indirect shall be in conformity with the requirements of this Standard.

(2) In accounting for direct costs a business unit shall use actual costs, except that—

(i) Standard costs for material and labor may be used as provided in 30.407; or

(ii) An average cost or pre-established rate for labor may be used provided that (A) the functions performed are not materially disparate and employees involved are interchangeable with respect to the functions performed, or (B) the functions performed are materially disparate but the employees involved either all work in a single production unit yielding homogeneous outputs, or perform their respective functions as an integral team.

Whenever average cost or pre-established rates for labor are used, the variances, if material, shall be disposed of at least annually by allocation to cost objectives in proportion to the costs previously allocated to these cost objectives.

(3) Labor or material costs identified specifically with one of the particular cost objectives listed in subparagraph (d)(3) of this subsection shall be accounted for as direct labor or direct material costs.

(b) *Homogeneous indirect cost pools.* (1) An indirect cost pool is homogeneous if each significant activity whose costs are included therein has the same or a similar beneficial or casual relationship to cost objectives as the other activities whose costs are included in the cost pool. It is also homogeneous if the allocation of the costs of the activities included in the cost pool result in an allocation to cost objectives which is not materially different from the allocation that would result if the costs of the activities were allocated separately.

(2) An indirect cost pool is not homogeneous if the costs of all significant activities in the cost pool do not have the same or a similar beneficial or causal relationship to cost objectives and, if the costs were allocated separately, the resulting allocation would be materially different. The determination of materiality shall be made using the criteria provided in Subpart 30.3.

(3) A homogeneous indirect cost pool shall include all indirect costs identified with the activity to which the pool relates.

(c) *Change in Allocation Base.* No change in an existing indirect cost pool allocation base is required if the allocation resulting from the existing base does not differ materially from the

allocation that results from the use of the base determined to be most appropriate in accordance with the criteria set forth in paragraphs (d) and (e) of this subsection. The determination of materiality shall be made using the criteria provided in Subpart 30.3.

(d) *Allocation measures for an indirect cost pool which includes a material amount of the costs of management or supervision of activities involving direct labor or direct material costs.* (1) The costs of the management or supervision of activities involving direct labor or direct material costs do not have a direct and definitive relationship to the benefiting cost objectives and cannot be allocated on measures of a specific beneficial or causal relationship. In that circumstance, the base selected to measure the allocation of the pooled costs to cost objectives shall be a base representative of the activity being managed or supervised.

(2) The base used to represent the activity being managed or supervised shall be determined by the application of the criteria below. All significant elements of the selected base shall be included.

(i) A direct labor hour base or direct labor cost base shall be used, whichever in the aggregate is more likely to vary in proportion to the costs included in the cost pool being allocated, except that

(ii) A machine-hour base is appropriate if the costs in the cost pool are comprised predominantly of facility-related costs, such as depreciation, maintenance, and utilities, or

(iii) A units-of-production base is appropriate if there is common production of comparable units, or

(iv) A material cost base is appropriate if the activity being managed or supervised is a material-related activity.

(3) Indirect cost pools which include material amounts of the costs of management or supervision of activities involving direct labor or direct material costs shall be allocated to—

(i) Final cost objectives;

(ii) Goods produced for stock or product inventory;

(iii) Independent research and development and bid and proposal projects;

(iv) Cost centers used to accumulate costs identified with a process cost system (i.e., process cost centers);

(v) Goods or services produced or acquired for other segments of the contractor and for other cost objectives of a business unit; and

(vi) Self-construction, fabrication, betterment, improvement, or installation of tangible capital assets.

(e) *Allocation measures for indirect cost pools that do not include material amounts of the costs of management or supervision of activities involving direct labor or direct material costs.* Homogeneous indirect cost pools of this type have a direct and definitive relationship between the activities in the pool and benefiting cost objectives. The pooled costs shall be allocated using an appropriate measure of resource consumption. This determination shall be made in accordance with the following criteria taking into consideration the individual circumstances:

(1) The best representation of the beneficial or causal relationship between an indirect cost pool and the benefiting cost objectives is a measure of resource consumption of the activities of the indirect cost pool.

(2) (i) If consumption measures are unavailable or impractical to ascertain, the next best representation of the beneficial or causal relationship for allocation is a measure of the output of the activities of the indirect cost pool. Thus, the output is substituted for a direct measure of the consumption of resources.

(ii) The use of the basic unit of output will not reflect the proportional consumption of resources in circumstances in which the level of resource consumption varies among the units of output produced. Where a material difference will result, either the output measure shall be modified or more than one output measure shall be used to reflect the resources consumed to perform the activity.

(3) If neither resources consumed nor output of the activities can be measured practically, a surrogate that varies in proportion to the services received shall be used to measure the resources consumed. Generally, such surrogates measure the activity of the cost objectives receiving the service.

(4) Allocation of indirect cost pools which benefit one another may be accomplished by use of (i) the cross-allocation (reciprocal) method, (ii) the sequential method, or (iii) another method the results of which approximate those achieved by either of the methods in subdivisions (e)(4)(i) or (e)(4)(ii) of this subsection.

(5) Where the activities represented by an indirect cost pool provide services to two or more cost objectives simultaneously, the cost of such services shall be prorated between or among the cost objectives in reasonable proportion to the beneficial or causal relationship between the services and the cost objectives.

(f) *Special allocation.* Where a particular cost objective in relation to other cost objectives receives significantly more or less benefit from an indirect cost pool than would be reflected by the allocation of such costs using a base determined pursuant to paragraphs (d) and (e) of this subsection, the Government and contractor may agree to a special allocation from that indirect cost pool to the particular cost objective commensurate with the benefits received. The amount of a special allocation to any such cost objective made pursuant to such an agreement shall be excluded from the indirect cost pool and the particular cost objective's allocation base data shall be excluded from the base used to allocate the pool.

(g) *Use of pre-established rates for indirect costs.* (1) Pre-established rates, based on either forecasted actual or standard cost, may be used in allocating an indirect cost pool.

(2) Pre-established rates shall reflect the costs and activities anticipated for the cost accounting period except as provided in subparagraph (g)(3) of this subsection. Such pre-established rates shall be reviewed at least annually, and revised as necessary to reflect the anticipated conditions.

(3) The contracting parties may agree on pre-established rates which are not based on costs and activities anticipated for a cost accounting period. The contractor shall have and consistently apply written policies for the establishment of these rates.

(4) Under subparagraphs (g)(2) and (3) of this subsection where variances of a cost accounting period are material, these variances shall be disposed of by allocating them to cost objectives in proportion to the costs previously allocated to these cost objectives by use of the pre-established rates.

(5) If pre-established rates are revised during a cost accounting period and if the variances accumulated to the time of the revision are significant, the costs allocated to that time shall be adjusted to the amounts which would have been allocated using the revised pre-established rates.

30.418-60 Illustrations.

(a) Business Unit A has various classifications of engineers whose time is spent in working directly on the production of the goods or services called for by contracts and other final cost objectives. In keeping with its written policy, detailed time records are kept of the hours worked by these engineers, showing the job/account numbers representing various cost

objectives. On the basis of these detailed time records, Unit A allocates the labor costs of these engineers as direct labor costs of final cost objectives. This practice is in accordance with the requirements of 30.418–50(a)(1).

(b) Business Unit B has a fabrication department, employees of which perform various functions on units of the work-in-process of multiple final cost objectives. These employees are grouped by labor skills and are interchangeable within the skill grouping. The average wage rate for each group is multiplied by the hours worked on each cost objective by employees in that group. The contractor classifies these costs as direct labor costs of each final cost objective. This cost accounting treatment is in accordance with the provisions of 30.418–50(a)(2)(ii)(B).

(c) Business Unit C accumulates the costs relating to building ownership, maintenance, and utility into one indirect cost pool designated "Occupancy Costs" for allocation to cost objectives. Each of these activities has the same or a similar beneficial or causal relationship to the cost objectives occupying a space. Unit C's practice is in conformance with the provisions of 30.418–50(b)(1).

(d) Business Unit D includes the indirect costs of machining and assembling activities in a single manufacturing overhead pool. The machining activity does not have the same or similar beneficial or causal relationship to cost objectives as the assembling activity. Also, the allocation of the cost of the machining activity to cost objectives would be significantly different if allocated separately from the costs of the assembling activity. Unit D's single manufacturing overhead pool is not homogeneous in accordance with the provisions of 30.418–50(b), and separate pools must be established in accordance with 30.418–40(b).

(e) In accordance with 30.418–50(b)(3), Business Unit E includes all the cost of occupancy in an indirect cost pool. In selecting an allocation measure for this indirect cost pool, the contractor establishes that it is impractical to ascertain a measurement of the consumption of resources in relation to the use of facilities by individual cost objectives. An output base, the number of square feet of space provided to users, can be measured practically; however, the cost to provide facilities is significantly different for various types of facilities such as warehouse, factory, and office and each type of facility requires a different level of resource consumption to provide the same number of square feet of usable space. Allocation on a basic unit measure of square feet of space occupied will not adequately reflect the proportional consumption of resources. Unit E establishes a weighted square foot measure for allocating occupancy costs, which reflects the different levels of resource consumption required to provide the different types of facilities. This practice is in conformance with provisions of 30.418–50(e)(2)(ii).

(f) Business Unit F has an indirect cost pool containing a significant amount of material-related costs. The contractor allocates these costs between his machining overhead cost pool and his assembly overhead cost pool. The business unit finds it impractical to use an allocation measure based on either consumption or output. The business unit selects a dollars of material-issued base which varies in proportion to the services rendered. The dollars of material-issued base is a surrogate base which conforms to the provisions of 30.418–50(e)(3).

(g) Business Unit G has a machining activity for which it develops a separate overhead rate, using direct labor cost as the allocation base. The machining activity occasionally does significant amounts of work for other activities of the business unit. The labor used in doing the work for other activities is of the same nature as that used for contract work. However, the machining labor for other activities is not included in the base used to allocate the overhead costs of the machining activity. This practice is not in conformance with 30.418–50(d)(2). Unit G must include the cost of labor doing work for the other activities in the allocation base for the machining activity indirect cost pool.

(h) Business Unit H accounts for the costs of company aircraft in a separate homogeneous indirect cost pool and allocates the cost to benefiting cost objectives using flight hours. Unit H prorates the cost of a single flight between benefiting cost objectives whenever simultaneous services have been rendered. Manager of Contract 2 learns of the trip and goes along with Manager of Contract 1. Unit H prorates the cost of the trip between Contract 1 and Contract 2. This practice is in conformance with the provision of 30.418–50(e)(5).

(i) During a cost accounting period, Business Unit I allocates the cost of its flight services indirect cost pool to other indirect cost pools and final cost objectives using a pre-established rate. The pre-established rate is based on an estimate of the actual costs and activity for the cost accounting period. For the cost accounting period, Unit I establishes a rate of $200 per hour for use of the flight services activity. In March, the contractor's operating environment changes significantly; the contractor now expects a significant increase in the cost of this activity during the remainder of the year. Unit I estimates the rate for the entire cost accounting period to be $240 an hour. Pursuant to the provisions of 30.418–50(g)(4), the Business Unit may revise its rate to the expected $240 an hour. If the accumulated variances are significant, the business unit must also adjust the costs previously allocated to reflect the revised rates.

30.418–70 Exemptions.

This standard shall not apply to contractors who are subject to the provisions of OMB Circular A–87 (Cost Principles for State and Local Governments.)

30.420 Accounting for independent research and development costs and bid and proposal costs.

30.420–10 [Reserved]

30.420–20 Purpose.

The purpose of this Cost Accounting Standard is to provide criteria for the accumulation of independent research and development costs and bid and proposal costs, and for the allocation of such costs to cost objectives based on the beneficial or causal relationship between such costs and cost objectives. Consistent application of these criteria will improve cost allocation.

30.420–30 [Reserved]

30.420–40 Fundamental requirement.

(a) The basic unit for the identification and accumulation of Independent Research and Development (IR&D) and Bid and Proposal (B&P) costs shall be the individual IR&D or B&P project.

(b) IR&D and B&P project costs shall consist of all allocable costs, except business unit general and administrative expenses.

(c) IR&D and B&P cost pools consist of all IR&D and B&P project costs and other allocable costs, except business unit general and administrative expenses.

(d) The IR&D and B&P cost pools of a home office shall be allocated to segments on the basis of the beneficial or causal relationship between the IR&D and B&P costs and the segments reporting to that home office.

(e) The IR&D and B&P cost pools of a business unit shall be allocated to the final cost objectives of that business unit on the basis of the beneficial or

causal relationship between the IR&D and B&P costs and the final cost objectives.

(f) (1) B&P costs incurred in a cost accounting period shall not be assigned to any other cost accounting period.

(2) IR&D costs incurred in a cost accounting period shall not be assigned to any other cost accounting period, except as may be permitted pursuant to provisions of existing laws, regulations, and other controlling factors.

30.420–50 Techniques for application.

(a) IR&D and B&P project costs shall include (1) costs, which if incurred in like circumstances for a final cost objective, would be treated as direct costs of that final cost objective, and (2) the overhead costs of productive activities and other indirect costs related to the project based on the contractor's cost accounting practice or applicable Cost Accounting Standards for allocation of indirect costs.

(b) IR&D and B&P cost pools for a segment consist of the project costs plus allocable home office IR&D and B&P costs.

(c) When the costs of individual IR&D or B&P efforts are not material in amount, these costs may be accumulated in one or more project(s) within each of these two types of effort.

(d) The costs of any work performed by one segment for another segment shall not be treated as IR&D costs or B&P costs of the performing segment unless the work is a part of an IR&D or B&P project of the performing segment. If such work is part of a performing segment's IR&D or B&P project, the project will be transferred to the home office to be allocated in accordance with paragraph (e) of this subsection.

(e) The costs of IR&D and B&P projects accumulated at a home office shall be allocated to its segments as follows:

(1) Projects which can be identified with a specific segment(s) shall have their costs allocated to such segment(s).

(2) The costs of all other IR&D and B&P projects shall be allocated among all segments by means of the same base used by the company to allocate its residual expenses in accordance with 30.403; provided, however, where a particular segment receives significantly more or less benefit from the IR&D or B&P costs than would be reflected by the allocation of such costs to the segment by that base, the Government and the contractor may agree to a special allocation of the IR&D or B&P costs to such segment commensurate with the benefits received. The amount of a special allocation to any segment made pursuant to such an agreement shall be excluded from the IR&D and B&P cost pools to be allocated to other segments and the base data of any such segment shall be excluded from the base used to allocate these pools.

(f) The costs of IR&D and B&P projects accumulated at a business unit shall be allocated to cost objectives as follows:

(1) Where costs of any IR&D or B&P project benefit more than one segment of the organization, the amounts to be allocated to each segment shall be determined in accordance with paragraph (e) of this subsection.

(2) IR&D and B&P cost pools which are not allocated under subparagraph (f)(1) of this subsection, shall be allocated to all final cost objectives of the business unit by means of the same base used by the business unit to allocate its general and administrative expenses in accordance with 30.410–50; provided, however, where a particular final cost objective receives significantly more or less benefit from IR&D or B&P costs than would be reflected by the allocation of such costs the Government and the contractor may agree to a special allocation of the IR&D or B&P costs to such final cost objective commensurate with the benefits received. The amount of special allocation to any such final cost objective made pursuant to such an agreement shall be excluded from the IR&D and B&P cost pools to be allocated to other final cost objectives and the particular final cost objective's base data shall be excluded from the base used to allocate these pools.

(g) Notwithstanding the provisions of paragraphs (d), (e) or (f) of this subsection, the costs of IR&D and B&P projects allocable to a home office pursuant to 30.420–50(d) may be allocated directly to the receiving segments, provided that such allocation not be substantially different from the allocation that would be made if they were first passed through home office accounts.

30.420–60 Illustrations.

(a) Business Unit A's engineering department in accordance with its established accounting practice, charges administrative effort including typing to its overhead cost pool. In submitting a proposal, the engineering department assigns several typists to the proposal project on a full time basis and charges the typists' time directly to the proposal project, rather than to its overhead pool. Because the engineering department under its established accounting practice does not charge the cost of typing directly to final cost objectives, the direct charge does not meet with the requirements of 30.420–50(a).

(b) Company B has five segments. The company undertakes an IR&D project which is part of the IR&D plans of segments X, Y, and Z, and will be of general benefit to all five segments. The company designates Segment Z as the project leader in performing the project. In accumulating the costs, each segment allocates overhead to its part of the project but does not allocate segment G&A. The IR&D costs are then allocated to the home office by each segment. The costs are combined with other IR&D costs that benefit the company as a whole. The costs are allocated to all five segements by means of the same base by which the company allocates its residual home office expense costs to all segments. This practice meets the requirements of 30.420–40(b), 30.420–50(e)(2), and 30.420–50(f)(1).

(c) Business Unit C normally accounts for its B&P effort by individual project. It accumulates directly allocated costs and departmental overhead costs by project. The business unit also submits large numbers of bids and proposals whose individual costs of preparation are not material in amount. The business unit collects the cost of these efforts under a single project. Since the cost of preparing each individual bid and proposal is not material, the practice of accumulating these costs in a single project meets the requirements of 30.420–50(c).

(d) Segment D requests that Segment Y provide support for a Segment D IR&D project. The work being performed by Y is similar in nature to Y's normal product and is not part of its annual IR&D plan. Segment Y allocates to the project all costs it allocates to other final cost objectives, including G&A expense. Segment Y then directly transfers the cost of the project to Segment D in accordance with its normal intersegment transfer procedure. This accounting treatment meets the requirements of 30.420–50(d) and 30.410.

(e) Contractor E has six operating segments and a research segment. The research segment performs work under (1) research and development contracts, (2) projects which are not part of its own IR&D plan but are specifically in support of other segments' IR&D projects, and (3) IR&D projects for the benefit of the company as a whole.

(i) The research segment directly allocates the cost of the projects in support of another segment's IR&D projects, including an allocation of its general and administrative expenses, to the receiving segment. This practice meets the requirements of 30.420–50(d).

(ii) The costs of the IR&D projects which benefit the company as a whole

exclude any allocation of the research segment's general and administrative expenses and are transferred to the home office. The home office allocates these costs on the same base it uses to allocate its residual expenses to all seven segments. This practice meets the requirements of 30.420–50(e)(2) and (f)(1).

(f) Company F accumulates at the home office the costs of IR&D and B&P projects which generally benefit all segments of the company except Segment X. The company and the contracting officer agree that the nature of the business activity of Segment X is such that the home office IR&D and B&P effort is neither caused by nor provides any benefit to that segment. For the purpose of allocating its home office residual expenses, the company uses a base as provided in 30.403. For the purpose of allocating the home office IR&D and B&P costs, the company removes the data of Segment X from the base used for the allocation of its residual expenses. This practice meets the requirements of 30.420–50(e)(2).

(g) Company G has 10 segments. Segment X performs IR&D projects, the results of which benefit it and two other segments but none of the other seven segments. The cost of those projects performed by Segment X are transferred to the home office and allocated to the three segments on the basis of the benefits received by the three segments. This practice meets the requirements of 30.420–50(e)(1) and 30.420–50(f)(1).

30.420–70 Exemptions.

This Standard shall not apply to contractors who are subject to the provisions of OMB Circular A–87 (Cost Principles for State and Local Government).

Subpart 30.5—[Reserved]

Subpart 30.6—CAS Administration

30.601 Responsibility.

(a) The cognizant ACO shall perform CAS administration for all contracts in a business unit notwithstanding retention of other administration functions by the contracting officer.

(b) Within 30 days of the award of any new contract or subcontract subject to CAS, the contracting officer, contractor, or subcontractor making the award shall request the cognizant ACO to perform administration for CAS matters (see Subpart 42.2).

30.602 Changes to disclosed or established cost accounting practices.

Adjustments to contracts for CAS noncompliance, new standards, or voluntary changes are required only if the amounts involved are material. The ACO has the right to forego action to adjust contracts if the amount involved is not considered material; however, in the case of noncompliance issues, the ACO shall inform the contractor that (a) the Government reserves the right to make appropriate contract adjustments if, in the future, the ACO determines that the cost impact has become material and (b) the contractor is not excused from the obligation to comply with the applicable Standard or rules and regulations involved. In determining materiality, the ACO shall use the criteria in 30.305.

30.602–1 Equitable adjustment for new or modified standards.

(a) The clause at 52.230–1, Cost Accounting Standards Notices and Certification (National Defense), requires offerors to state whether or not the award of the contemplated contract would require a change to established cost accounting practices affecting existing contracts and subcontracts. The contracting officer shall ensure that the contractor's response to the notice is made known to the cognizant ACO.

(b) Contracts and subcontracts containing the clause at 52.230–3, Cost Accounting Standards, may require equitable adjustments to comply with new or modified CAS. Such adjustments are limited to contracts and subcontracts awarded before the effective date of each new or modified standard. A new or modified standard becomes applicable prospectively to these contracts and subcontracts when a new national defense contract or subcontract containing the clause at 52.230–3, Cost Accounting Standards, is awarded on or after the effective date of the new standard.

(c) Contracting officers shall encourage contractors to submit to the cognizant ACO any change in accounting practice in anticipation of complying with a new or modified standard as soon as practical after the new or modified standard has been incorporated into the FAR.

(d) Upon receipt of information from the contractor indicating that an accounting change is required to comply with a new or modified standard, the cognizant ACO shall review the proposed change concurrently for adequacy and compliance. If the review indicates that the change is both adequate and in compliance (see 30.202–7), the contractor shall be notified and requested to submit a cost impact proposal in sufficient detail to determine the impact on each CAS-covered contract and subcontract. The proposal shall identify each additional standard and all contracts and subcontracts containing the CAS clause and having an award date before the effective date of that standard. The proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each affected contract and subcontract containing the clause at 52.230–3, Cost Accounting Standards, and shall be in the form and manner specified by the cognizant contracting officer.

(e) The cognizant ACO shall promptly analyze the proposal with the assistance of the auditor, determine the impact, and negotiate the contract price adjustments on behalf of all Government agencies. The ACO shall invite contracting officers to participate in negotiations of adjustments when the price of any of their contracts may be increased or decreased by $10,000 or more. At the conclusion of negotiations, the ACO shall—

(1) Execute supplemental agreements to contracts of the ACO's own agency (and, if additional funds are required, request them from the appropriate contracting officer);

(2) Prepare a negotiation memorandum and send copies to cognizant auditors and contracting officers of other agencies having prime contracts affected by the negotiation (those agencies shall execute supplemental agreements in the amounts negotiated); and

(3) Furnish copies of the memorandum indicating the effect on costs to the ACO of the next higher tier subcontractor or prime contractor, as appropriate, if a subcontract is to be adjusted. This memorandum shall be the basis for negotiation between the subcontractor and the next higher tier subcontractor or prime contractor and for execution of a supplemental agreement to the subcontract.

(f) If the contractor does not submit a proposal in the form and time specified (see paragraph (b) of the clause at 52.230–4, Administration of Cost Accounting Standards, or if the parties fail to agree concerning the cost impact, the cognizant ACO, with the assistance of the auditor, shall estimate the cost impact on contracts and subcontracts containing the clause at 52.230–3, Cost Accounting Standards. The ACO shall request the contractor to agree to the cost or price adjustment. The ACO may withhold an amount not to exceed 10 percent of each subsequent payment request related to the contractor's CAS-covered prime contracts, which contain the appropriate withholding provisions, until the proposal has been furnished by

the contractor. The contractor shall also be advised that in the event no agreement on the cost or price adjustment is reached within 20 days, action may be taken in accordance with the clause at 52.233–1, Disputes. If the ACO issues a unilateral determination under the Disputes clause, the ACO shall consider appropriate action to protect the Government's interests under Subpart 32.6.

30.602–2 Noncompliance with CAS requirements.

(a) Within 15 days of the receipt of a report of alleged noncompliance from the auditor, the cognizant ACO shall make an initial finding of compliance or noncompliance and advise the auditor.

(b) If an initial finding of noncompliance is made, the ACO shall immediately notify the contractor in writing of the exact nature of the noncompliance and allow 30 days within which to agree or to submit reasons why the existing practices are considered to be in compliance.

(c) If the contractor agrees with the initial finding of noncompliance—

(1) The contractor shall be required to correct the noncompliance and submit a complete description of any accounting change and the general dollar magnitude of the change of all CAS-covered contracts and subcontracts;

(2) The cognizant ACO shall review the accounting change for adequacy and compliance concurrently (if the change is both adequate and in compliance, the ACO shall notify the contractor and request a cost impact proposal);

(3) The cost impact proposal must identify all contracts and subcontracts containing the clause at 52.230–3, Cost Accounting Standards, or the clause at 52.230–5, Disclosure and Consistency of Cost Accounting Practices, and shall be in sufficient detail to permit evaluation and negotiation of the cost impact of each separate CAS-covered contract and subcontract from the date of failure to comply until the noncompliance is corrected; and

(4) The ACO shall then follow the procedures in 30.602–1(e).

(d) If the contractor disagrees with the initial noncompliance finding, the cognizant ACO shall review the reasons why the contractor considers the existing practices to be in compliance and make a determination of compliance or noncompliance.

(1) If the ACO makes a determination of compliance, the ACO shall notify the contractor and send a copy to the auditor.

(2) If the ACO makes a determination of noncompliance, or if the contractor fails to furnish the cost impact proposal, the ACO, with the assistance of the auditor, shall determine the cost impact of the noncompliance on contracts and subcontracts containing CAS clauses. The ACO may withhold an amount not to exceed 10 percent of each subsequent payment request related to the contractor's CAS-covered prime contracts, which contain the appropriate provisions, until the proposal has been furnished by the contractor.

(3) If the ACO determines that the noncompliance results in material increased costs to the Government, the ACO shall notify the contractor and request agreement as to the cost or price adjustment, together with any applicable interest. The contractor shall also be advised that in the event no agreement on the cost or price adjustment is reached within 20 days, action may be taken in accordance with the clause at 52.233–1, Disputes. If the ACO issues a unilateral determination under the Disputes clause, the ACO shall consider appropriate action to protect the Government's interests under Subpart 32.6.

(4) If the ACO estimate indicates there is no material increase in costs as a result of the noncompliance and the contractor refuses to take corrective action, the ACO shall notify the contractor in writing that the contractor is in noncompliance, that corrective action should be taken, and that if such noncompliance subsequently results in materially increased costs to the Government, the provisions of the clause at 52.230–3, Cost Accounting Standards, and/or the clause at 52.230–5, Disclosure and Consistency of Cost Accounting Practices, will be enforced.

30.602–3 Voluntary changes.

(a) The contract price may be adjusted for voluntary changes to a contractor's Disclosure Statement or cost accounting practices. The contractor must first notify the cognizant ACO by submission, not less than 60 days (or such other date as may be mutually agreed to) before proposed implementation, of a description of the accounting change and the general dollar magnitude of the change (including the sum of all increases and the sum of all decreases) for all CAS-covered contracts and subcontracts.

(b) The cognizant ACO shall review the accounting change concurrently for adequacy and compliance (see 30.202–7). If the change meets both tests, the ACO shall so notify the contractor and request that the contractor submit a cost impact proposal identifying all contracts and subcontracts containing the clause at 52.230–3, Cost Accounting Standards, and the clause at 52.230–2, Disclosure and Consistency of Cost Accounting Practices. The cost impact proposal shall be in sufficient detail to allow evaluation and negotiation of the cost impact upon each affected CAS-covered contract and subcontract.

(c) With the assistance of the auditor, the ACO shall promptly analyze the cost impact proposal to determine whether or not the proposed change will result in increased costs being paid by the Government. The ACO shall consider all of the contractor's affected CAS-covered contracts and subcontracts, but any cost changes to higher-tier subcontracts or contracts of other contractors over and above the cost of the subcontract adjustment shall not be considered. Increased costs resulting from a voluntary change may be allowed only if the ACO determines that the change is desirable and not detrimental to the Government. The ACO shall then follow the procedures in 30.602–1(e).

(d) If the contractor fails to submit a cost impact proposal in the form and time specified or if the parties fail to agree concerning the cost impact, the cognizant ACO, with the assistance of the auditor, shall estimate the cost impact on contracts and subcontracts containing a CAS clause and shall then request the contractor to agree to the cost or price adjustment. The ACO may withhold an amount not to exceed 10 percent of each subsequent payment request related to the contractor's CAS-covered prime contracts, which contain the appropriate withholding provisions, until the proposal has been furnished by the contractor. The contractor shall also be advised that, in the event no agreement on the cost or price adjustment is reached within 20 days, action may be taken in accordance with the clause at 52.233–1, Disputes. If the ACO issues a unilateral determination under the Disputes clause, the ACO shall consider appropriate action to protect the Government's interests under Subpart 32.6.

30.603 Subcontract administration.

When a negotiated CAS price adjustment or a determination of noncompliance is required at the subcontract level, the ACO cognizant of the subcontractor shall make the determination and advise the ACO cognizant of the prime contractor or next higher tier subcontractor of his decision. ACO's cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor.

PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES

5. Part 31 is amended wherever the references "CAS 400" through "CAS 420" appear by removing the word "CAS" and inserting in its place "30." preceding the CAS number.

31.205-10 [Amended]

6. Section 31.205-10 is amended by removing in paragraph (a)(2)(i) the words "CAS 414" and inserting in their place the word "30.414", and by removing in paragraph (b)(2)(i)(A) the words "CAS 417" and inserting in their place the words "CAS 30.417".

PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

7. Section 52.215-30 is revised to read as follows:

52.215-30 Facilities Capital Cost of Money.

As prescribed in 15.904(a), insert the following provision:

FACILITIES CAPITAL COST OF MONEY (SEP 1987)

(a) Facilities capital cost of money will be an allowable cost under the contemplated contract, if the criteria for allowability in subparagraph 31.205-10(a)(2) of the Federal Acquisition Regulation are met. One of the allowability criteria requires the prospective contractor to propose facilities capital cost of money in its offer.

(b) If the prospective Contractor does not propose this cost, the resulting contract will include the clause Waiver of Facilities Capital Cost of Money.

(End of provision)

8. Section 52.215-31 is revised to read as follows:

52.215-31 Waiver of Facilities Capital Cost of Money.

As prescribed in 15.904(b), insert the following clause:

WAIVER OF FACILITIES CAPITAL COST OF MONEY (SEP 1987)

The Contractor did not include facilities capital cost of money as a proposed cost of this contract. Therefore, it is an unallowable cost under this contract.

(End of clause)

9. Section 52.230-1 is revised to read as follows:

52.230-1 Cost Accounting Standards Notices and Certification (National Defense).

As prescribed in 30.201-3(a), insert the following provision:

COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (NATIONAL DEFENSE) (SEP 1987)

Note: This notice does not apply to small businesses or foreign governments.

This notice is in four parts, identified by Roman numerals I through IV.

Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

I. Disclosure Statement—Cost Accounting Practices and Certification

(a) Any contract in excess of $100,000 resulting from this solicitation, except contracts in which the price negotiated is based on (1) established catalog or market prices of commercial items sold in substantial quantities of the general public, or (2) prices set by law or regulation, will be subject to the requirements of Federal Acquisition Regulation (FAR) Subparts 30.3 and 30.4, except for those contracts which are exempt as specified in FAR 30.201-1.

(b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of FAR Subparts 30.3 and 30.4 must, as a condition of contracting, submit a Disclosure Statement as required by FAR 30.202. The Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.

Caution:

A practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed-to practice for pricing proposals or accumulating and reporting contract performance cost data.

(c) Check the appropriate box below:

☐ (1) Certificate of Concurrent Submission of Disclosure Statement.

The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows: (i) original and one copy to the cognizant Administrative Contracting Officer (ACO), and (ii) one copy to the cognizant contract auditor.

(Disclosure must be on Form No. CASB DS-1. Forms may be obtained from the cognizant ACO.)

Date of Disclosure Statement: _____

Name and Address of Cognizant ACO where filed: _____

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

☐ (2) Certificate of Previously Submitted Disclosure Statement.

The offeror hereby certifies that Disclosure Statement was filed as follows:

Date of Disclosure Statement: _____

Name and Address of Cognizant ACO where filed: _____

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable disclosure statement.

☐ (3) Certificate of Monetary Exemption.

The offeror hereby certifies that the offeror, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated national defense prime contracts and subcontracts subject to CAS totaling more than $10 million in the cost accounting period immediately preceding the period in which this proposal was submitted. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

☐ (4) Certificate of Interim Exemption.

The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) above, in the cost accounting period immediately preceding the period in which this offer was submitted and (ii) in accordance with FAR 30.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under subparagraphs (c)(1) or (c)(2) or Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

Caution:

Offerors currently required to disclose because they were awarded a CAS-covered national defense prime contract or subcontract of $10 million or more in the current cost accounting period may not claim this exemption (4). Further, the exemption applies only in connection with proposals submitted before expiration of the 90-day period following the cost accounting period in which the monetary exemption was exceeded.

II. Cost Accounting Standards—Exemption for Contracts of $500,000 or Less

If this proposal is expected to result in the award of a contract of $500,000 or less, the offeror shall indicate whether the exemption below is claimed. Failure to check the box below shall mean that the resultant contract is subject to CAS requirements or that the offeror elects to comply with such requirements.

☐ The offeror hereby claims an exemption from the CAS requirements under the provisions of Federal Acquisition Regulation (FAR) 30.201-1(b)(7) and certifies that notification of final acceptance of all deliverable items has been received on all prime contracts or subcontracts containing the Cost Accounting Standards clause or the Disclosure and Consistency of Cost Accounting Practices clause. The offeror further certifies that the Contracting Officer will be immediately notified in writing when an award of any other contract or subcontract containing Cost Accounting Standards clauses is received by the offeror subsequent to this certificate but before the date of any award resulting from this proposal.

III. Cost Accounting Standards—Eligibility for Modified Contract Coverage

If the offeror is eligible to use the modified provisions of Federal Acquisition Regulation (FAR) 30.201–2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

☐ The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of FAR 30.201–2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because (i) during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than $10 million in awards of CAS-covered national defense prime contracts and subcontracts, and (ii) the sum of such awards equaled less than 10 percent of total sales during that cost accounting period. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

Caution:

An offeror may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a national defense contract of $10 million or more or if, during its current cost accounting period, the offeror has been awarded a single CAS-covered national defense prime contract or subcontract of $10 million or more.

IV. Additional Cost Accounting Standards Applicable to Existing Contracts

The offeror shall indicate below whether award of the contemplated contract would, in accordance with subparagraph (a)(3) of the Cost Accounting Standards clause, require a change in established cost accounting practices affecting existing contracts and subcontracts.

☐ YES ☐ NO

Note: If the offeror has checked "yes" above and is awarded the contemplated contract, the offeror will be required to comply with the requirements of subparagraph (a)(1) and paragraphs (b) and (c) of the Administration of Cost Accounting Standards clause.

(End of provision)

10. Section 52.230–2 is revised to read as follows:

52.230–2 Cost Accounting Standards Notices and Certification (Nondefense).

As prescribed in 30.201–3(b), insert the following provision:

COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (NONDEFENSE) (SEP 1987)

Note: This notice does not apply to small businesses or foreign governments.

(a) Any contract over $100,000 resulting from this solicitation shall be subject to Cost Accounting Standards (CAS) if it is awarded to a business unit that is currently performing a national defense CAS-covered contract or subcontract, except when——

(1) The award is based on adequate price competition;

(2) The price is set by law or regulation;

(3) The price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(4) One of the exemptions in Federal Acquisition Regulation (FAR) 30.201–1(b) applies.

(b) Contracts not exempted from CAS shall be subject to full or modified coverage as follows:

(1) If the business unit receiving the award is currently performing a national defense contract or subcontract subject to full CAS coverage FAR 30.201–2(a), this contract will have full CAS coverage and will contain the clauses from the FAR entitled Cost Accounting Standards, 52.230–3 and Administration of Cost Accounting Standards, 52.230–4.

(2) If the business unit receiving the award is currently performing a national defense contract or subcontract subject to modified CAS coverage FAR 30.201–2(b), this contract will have modified coverage and will contain the clauses entitled Disclosure and Consistency of Cost Accounting Practices, 52.230–5 and Administration of Cost Accounting Standards, 52.230–4.

A. Certificate of CAS Applicability

The offeror hereby certifies that—

☐ The offeror is not performing any CAS-covered national defense contract or subcontract. The offeror further certifies that it will immediately notify the Contracting Officer in writing if it is awarded any national defense CAS-covered contract or subcontract subsequent to the date of this certificate but before the date the award of a contract resulting from this solicitation. (If this statement applies, no further certification is required.)

☐ The offeror is currently performing a negotiated national defense contract or subcontract that contains the Cost Accounting Standards clause at FAR 52.230–3.

☐ The offeror is currently performing a negotiated national defense contract or subcontract that contains the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230–5.

B. Additional Certification—CAS Applicable Offerors

☐ The offeror subject to Cost Accounting Standards further certifies that practices used in estimating costs in pricing this proposal are consistent with the practices disclosed in the Disclosure Statement where it has been submitted as required by FAR 30.202–1 through 30.202–5.

C. Data Required—CAS Covered Offerors

The offeror certifying that it is currently performing a national defense contract containing either CAS clause (see A above) is required to furnish the name, address (including agency or department component), and telephone number of the cognizant Contracting Officer administering the offeror's CAS-covered contracts.

Name of Contracting Officer———————

Address: ———————

———————

Telephone Number:———————

(End of provision)

11. Section 52.230–3 is revised to read as follows:

52.230–3 Cost Accounting Standards.

As prescribed in 30.201–4(a), insert the following clause:

COST ACCOUNTING STANDARDS (SEP 1987)

(a) Unless the contract is exempt under FAR 30.201–1 and 30.201–2, the provisions of Federal Acquisition Regulation (FAR) Subpart 30.3 are incorporated herein by reference and the Contractor) in connection with this contract, shall—

(1) (National Defense Contracts Only) By submission of a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by FAR 30.202–1 through 30.202–5. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

(2) Follow consistently the Contractor's cost accounting practices in accumulating and reporting contract performance cost data concerning this contract. If any change in cost accounting practices is made for the purposes of any contract or subcontract subject to CAS requirements, the change must be applied prospectively to this contract and the Disclosure Statement must be amended accordingly. If the contract price or cost allowance of this contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5) of this clause, as appropriate.

(3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in FAR Subpart 30.4, in effect on the date of award of this contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

(4)(i) Agree to an equitable adjustment as provided in the Changes clause of this contract if the contract cost is affected by a change which, pursuant to subparagraph (a)(3) of this clause, the Contractor is required to make to the Contractor's established cost accounting practices.

(ii) Negotiate with the Contracting Officer to determine the terms and conditions under

which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph (a)(4) of this clause; provided that no agreement may be made under this provision that will increase costs paid by the United States.

(iii) When the parties agree to a change to a cost accounting practice, other than a change under subdivision (a)(4)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this contract.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Contractor or a subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States, together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to Pub. L. 92–41, 85 Stat. 97, from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor or a subcontractor has complied with an applicable CAS in FAR Subpart 30.4 or a CAS rule or regulation in FAR Subpart 30.3 and as to any cost adjustment demanded by the United States, such failure to agree shall be a dispute concerning a question of fact within the meaning of the Disputes clause of this contract.

(c) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts which the Contractor enters into, the substance of this clause, except paragraph (b), and shall require such inclusion in all other subcontracts, of any tier, including the obligation to comply with all CAS in effect on the subcontract's award date or if the subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data. This requirement shall apply only to negotiated subcontracts in excess of $100,000 where the price negotiated is not based on—

(1) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in FAR 30.201–1.

Note (1): New or modified CAS shall be applicable to both national defense and nondefense CAS-covered contracts upon award of a new national defense CAS-covered contract containing the new or modified Standard. The award of a new nondefense CAS-covered contract shall not trigger application of new CAS or modification to CAS.

Note (2): Subcontractors shall be required to submit their Disclosure Statements to the Contractor. However, if a subcontractor has previously submitted its Disclosure Statement to a Government Administrative Contracting Officer (ACO), it may satisfy that requirement by certifying to the Contractor the date of the Statement and the address of the ACO.

Note (3): In any case where a subcontractor determines that the Disclosure Statement information is privileged and confidential and declines to provide it to the Contractor or higher tier subcontractor, the Contractor may authorize direct submission of that subcontractor's Disclosure Statement to the same Government offices to which the Contractor was required to make submission of its Disclosure Statement. Such authorization shall in no way relieve the Contractor of liability as provided in subparagraph (a)(5) of this clause. In view of the foregoing and since the contract may be subject to adjustment under this clause by reason of any failure to comply with rules, regulations, and Standards as specified in FAR Subparts 30.3 and 30.4 in connection with covered subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. However, the inclusion of such a clause and the terms thereof are matters for negotiation and agreement between the Contractor and the subcontractor, provided that they do not conflict with the duties of the Contractor under its contract with the Government. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification to be submitted by its subcontractors.

Note (4): If the subcontractor is a business unit which, pursuant to FAR 30.201–2(b) is entitled to elect modified contract coverage and to follow FAR 30.401 and FAR 30.402, the clause at 52.230–5, "Disclosure Consistency of Cost Accounting Practices," of the Federal Acquisition Regulation shall be inserted in lieu of this clause.

Note (5): The terms defined in FAR 30.301 and FAR 31.001 shall have the same meanings herein. As there defined "negotiated subcontract" means any subcontract except a firm-fixed-price subcontract made by a Contractor or subcontractor after receiving offers from at least two persons not associated with each other or with such Contractor or subcontractor, providing (1) the solicitation to all competitors is identical, (2) price is the only consideration in selecting the subcontractor from among the competitors solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted.

(End of clause)

12. Section 52.230–4 is revised to read as follows:

52.230–4 Administration of Cost Accounting Standards.

As prescribed in FAR 30.201–4(b)(1), insert the following clause:

ADMINISTRATION OF COST ACCOUNTING STANDARDS (SEP 1987)

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this contract, the Contractor shall take the steps outlined in paragraphs (a) through (f) of this clause:

(a) Submit to the cognizant Contracing Officer a description of any accounting change, the potential impact of the change on contracts containing a CAS clause, and if not obviously immaterial, a general dollar magnitude cost impact analysis of the change which displays the potential shift of costs between CAS-covered contracts by contract type (i.e., firm-fixed-price, incentive, cost-plus-fixed-fee, etc.) and other contractor business activity. As related to CAS-covered contracts, the analysis should display the potential impact of funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:

(1) For any change in cost accounting practices required to comply with a new CAS in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the CAS clause, within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring this change.

(2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (a)(4)(iii) of the CAS clause or with subparagraph (a)(3) of the Disclosure and Consistency of Cost Accounting Practices clause, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.

(3) For any failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the CAS clause or by subparagraph (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause, within 60 days (or such other date as may be mutually agreed to) after the date of agreement of noncompliance by the Contractor.

(b) Submit a cost impact proposal in the form and manner specified by the cognizant Contracing Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to paragraph (a) of this clause. If the cost impact proposal is not submitted within the specified time, or any extension granted by the cognizant Contracing Officer, an amount not to exceed 10 percent of each payment made after that date may be withheld until such time as a proposal has been provided in the form and manner specified by the cognizant Contracting Officer.

(c) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the CAS clause or with subparagraphs (a)(3) or (a)(4) of the CAS Disclosure and Consistency of Cost Accounting Practices clause.

(d) For all subcontracts subject either to the CAS clause or to the Disclosure and Consistency of Cost Accounting Practices clause—(1) so state in the body of the subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and (2) include the substance of this clause in all negotiated subcontracts. In addition, within 30 days after award of the subcontract, submit the following information to the Contractor's cognizant contract administration office for transmittal to the contract administration office cognizant of the subcontractor's facility:

(i) Subcontractor's name and subcontract number.

(ii) Dollar amount and date of award.

(iii) Name of Contractor making the award.

(iv) Any changes the subcontractor has made or proposes to make to accounting practices that affect prime contracts or subcontracts containing the CAS clause or Disclosure and Consistency of Cost Accounting Practices clause, unless these changes have already been reported. If award of the subcontract results in making one or more CAS effective for the first time, this fact shall also be reported.

(e) Notify the Contracting Officer in writing of any adjustments required to subcontracts under this contract and agree to an adjustment, based on them, to this contractor's price or estimated cost and fee. This notice is due within 30 days after proposed subcontract adjustments are received and shall include a proposal for adjusting the higher tier subcontract or the prime contract appropriately.

(f) For subcontracts containing the CAS clause, require the subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

(End of clause)

13. Section 52.230–5 is revised to read as follows:

52.230–5 Disclosure and Consistency of Cost Accounting Practices.

As prescribed in 30.201–4(c)(1), insert the following clause:

DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (SEP 1987)

(a) The Contractor, in connection with this contract, shall—

(1) Comply with the requirements of 30.401, Consistency in Estimating, Accumulating, and Reporting Costs, and 30.402, Consistency in Allocating Costs Incurred for the Same Purpose, in effect on the date of award of this contract as indicated in Federal Acquisition Regulation (FAR) Subpart 30.4.

(2) (National Defense Contracts Only) If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by FAR 30.202–1 through 30.202–5. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

Note (1): Subcontractors shall be required to submit their Disclosure Statements to the Contractor. However, if a subcontractor has previously submitted its Disclosure Statement to a Government Administrative Contracting Officer (ACO), it may satisfy that requirement by certifying to the Contractor the date of the Statement and the address of the Contracting Officer.

Note (2): In any case where a subcontractor determines that the Disclosure Statement information is privileged and confidential and declines to provide it to the Contractor or higher tier subcontractor, the Contractor may authorize direct submission of the subcontractor's Disclosure Statement to the same Government offices to which the Contractor was required to make submission of its Disclosure Statement. Such authorization shall in no way relieve the Contractor of liability if it or a subcontractor fails to comply with an applicable Cost Accounting Standard (CAS) or to follow any practice disclosed pursuant to this paragraph and such failure results in any increased costs paid by the United States. In view of the foregoing and since the contract may be subject to adjustment under this clause by reason of any failure to comply with rules, regulations, and standards as specified in FAR Subparts 30.3 and 30.4 in connection with covered subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. However, the inclusion of such a clause and the terms thereof are matters for negotiation and agreement between the Contractor and subcontractor, provided that they do not conflict with the duties of the Contractor under its contract with the Government. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification to be submitted by its subcontractors.

Note (3): The terms defined in FAR Subpart 30.3 and FAR 31.001 shall have the same meanings in this clause. As there defined, "negotiated subcontract" means any subcontract except a firm-fixed-price subcontract made by a Contractor or subcontractor after receiving offers from at least two persons not associated with each other or such Contractor or subcontractor, providing (1) the solicitation to all competitors is identical, (2) price is the only consideration in selecting the subcontractor from among the competitors solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted.

(3)(i) Follow consistently the Contractor's cost accounting practices. A change to such practices may be proposed, however, by either the Government or the Contractor, and the Contractor agrees to negotiate with the Contracting Officer the terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this contract, and the Disclosure Statement, if affected, must be amended accordingly.

(ii) The Contractor shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this contract. In the absence of the required finding, no agreement may be made under this contract clause that will increase costs paid by the United States.

(4) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Contractor or a subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to Pub. L. 92–41, 85 Stat. 97, from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor has complied with an applicable CAS, rule, or regulation as specified in FAR Subparts 30.3 and 30.4 and as to any cost adjustment demanded by the United States, such failure to agree shall be a dispute within the meaning of the Disputes clause of this contract.

(c) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts, which the Contractor enters into, the substance of this clause, except paragraph (b), and shall require such inclusion in all other subcontracts of any tier, except that—

(1) If the subcontract is awarded to a business unit which pursuant to FAR 30.201 is required to follow all CAS, the clause entitled "Cost Accounting Standards," set forth in FAR 52.230–3, shall be inserted in lieu of this clause; or

(2) This requirement shall apply only to negotiated subcontracts in excess of $100,000 where the price negotiated is not based on—

(i) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(ii) Price set by law or regulation; or

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in FAR 30.201–1.

(End of clause)

14. Section 52.230–6 is revised to read as follows:

52.230–6 Consistency in Cost Accounting Practices.

As prescribed in 30.201–4(d), insert the following clause:

CONSISTENCY IN COST ACCOUNTING PRACTICES (SEP 1987)

The Contractor agrees that it will consistently follow the cost accounting practices disclosed on Form No. CASB DS–1 in estimating, accumulating and reporting costs under this contract. In the event the Contractor fails to follow such practices, it agrees that the contract price shall be adjusted, together with payment of interest, if such failure results in increased cost paid by the U.S. Government. Interest shall be computed at the rate determined by the Secretary of the Treasury pursuant to Pub. L. 92–41 (85 Stat. 97) from the time payment by the Government was made to the time adjustment is effected. The Contractor agrees that the Disclosure Statement filed with the U.K. Ministry of Defence shall be available for inspection and use by authorized representatives of the United States Government.

(End of clause)

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Part III

Department of the Interior

National Park Service

Native American Relationships Managment Policy; Final Management Policy

DEPARTMENT OF THE INTERIOR

National Park Service

Native American Relationships Management Policy

AGENCY: National Park Service, Interior.

ACTION: Final management policy.

SUMMARY: The National Park Service (NPS) is issuing a final management policy on Native American Relationships. It has been revised in response to comments received on the proposed policy, which had been published for a second time in the Federal Register on January 22, 1987, with a thirty-day comment period ending February 23. This policy replaces the current Special Directive 78–1, *Policy Guidelines for Native American Cultural Resources Management.*

FOR FURTHER INFORMATION CONTACT: Geraldine Smith, Office of the Special Assistant for Policy Development, 202–343–4298; Muriel Crespi, Anthropology Division, 202–343–8156; Douglas H. Scovill, Anthropology Division, 202–343–8161. National Park Service, Department of the Interior, P.O. Box 37127, Washington, DC 20013–7127.

SUPPLEMENTARY INFORMATION:

Background

Groups covered by this action are American Indians, including Carib and Arawak; Eskimo; Aleut; Native Americans of the Pacific Islands, including Native Hawaiians, Native Samoans, Chamorros and Carolinians. This policy will provide guidance to NPS personnel for management actions affecting Native Americans as defined. The policy emphasizes implementation of such activity in a knowledgeable, aware and sensitive manner. The policy directs park managers to enage in the identification of and consultation with Native American groups traditionally associated with park lands and other resources. The policy also expands and clarifies Special Directive 78–1, incorporates management needs as identified by a Service task force, and provides the Service's response to the policy guidance provided in the American Indian Religious Freedom Act, Pub. L. 95–341.

This policy defines NPS management responses to the requirements of the American Indian Religious Freedom Act and other legislation. In addition, the policy defines terms, discusses Native American traditional activities in NPS units, Native American involvement in planning, and Native American concerns in resources management, research, and interpretation.

The Service has, in the past, recognized and sought to accommodate Native American requests to use areas of the National Park System (System) for traditional religious and other cultural activities, including lawful subsistence pursuits. Such uses must be within the bounds of existing legislation as well as NPS rules and policies that implement legislative mandates to protect and preserve the System's resources, both natural and cultural, and provide for their use and enjoyment by present and future generations.

This final Native American Relationship Policy has become part of the National Park Service Management Policies effective immediately.

Major Components

Section I presents the philosophy of the National Park Service regarding Native American Relationships and lists some of the major legislation that will affect the interpretation and implementation of this policy.

Section II explains terms used throughout the policy.

Section III discusses the practice of Native American traditional activities in NPS areas. The first paragraph discusses Native American religious practices and NPS responsibilities as addressed in Pub. L. 95–341, the American Indian Religious Freedom Act. This section also addresses the use of controlled substances in religious ceremonies. Part B of this section discusses access to and use of park areas for both religious and non-religious purposes. Part C of this section addresses the taking of natural resources including fish, wildlife, plants and other objects. The identification and protection of sacred resources, including sites, as well as policies on burial and cemetery sites are discussed in Part D.

Section IV provides for the involvement and consultation of Native Americans with traditionally established interests in parks when NPS planning and management decisions may affect such interests. It affirms the park managers' responsibilities to identify and institute continuing communication with interested Native American groups and individuals.

Section V establishes general policies on research, interpretation, and collections that may affect Native American interests. Provisions are made for confidentiality in the conduct of ethnographic and archaeological studies; proper acquisition use and display of artifacts; and accuracy in the interpretation of past and present Native American cultures.

Changes in Response to Comments

Written comments were received from one Native American organization and two Federal agencies, as follows.

Section 11 Explanation of Terms.

One commentor expressed concern that the policy does not consider "special interest" groups such as unrecognized Native American groups who were relocated from their historic areas. No change is made regarding relocated groups because the discussion in Section IV B., 52 FR 2454, of the draft policy published January 22 already stated that "Members of Native American tribes or groups who were relocated from traditional homelands but have demonstrable historical associations with park resources have the same access to traditional sacred resources as those who remained near ancestral lands."

With regard to unrecognized groups, the proposed policy noted in *II. Explanation of Terms*, 52 FR 2456, that the terms tribe or group already included people who are identified by themselves and others as "members of a named cultural unit that historically has shared linguistic, cultural, social (kinship) and related characteristics that distinguish it ethnically from other Native American groups." To eliminate any ambiguity, however, the phrase in the second paragraph of *II. Explanation of Terms*, beginning with ". . . or any group . . ." has been modified as follows: ". . . or any group of Native Americans not recognized in statue or treaty by Federal or State governments but identified by themselves and known by others as members of a named cultural unit that historically has shared linguistic, cultural, social (kinship) and related characteristics that distinguish it ethnically from other Native American groups."

To further clarify the kinds of groups covered by this action and provide for native Pacific peoples other than those presently specified by the proposed policy, the general phrase "Native Americans of the Pacific Islands, including . . . has been inserted in the definition of groups. The new wording for Pacific groups is: "Native Americans of the Pacific Islands, including Native Hawaiians, Native Samoans, Chamorros and Carolinians."

It also was noted that the term traditional was omitted from the definition of "Ethnographic Resource." The term has been added so that the definition now reads: "Ethnographic resources" refers to park resources with traditonal subsistence, sacred

ceremonial or religious, or other cultural meaning for contemporary Native Americans."

Section IIIC Taking of Natural Resources.

One commentor suggested that NPS jurisdiction does not negate traditional subsistence use on reservation lands that overlap at the boundary with Park Service lands. No charge is made because consideration of boundary problems involving reservation lands and the National Park Service are beyond the scope of this policy, which can only address issues involving Park Service holdings.

Concern about consumptive use prompted one respondent to ask if references to Park Service regulations in 36 CFR are to be taken literally or if the policy intends to emphasize consumptive use despite the regulations, as might be interpreted from Section I.A.(1), which states that Service regulations should be applied in an informed and balanced manner that does not unreasonably interfere with traditional use nor lead to resource degradation, and Section III.B.2, which permits religious activities at traditional sites, subject to limitations in III.A.B.1, and C, and at non-traditional places subject to conditions in 36 CFR Parts 1 and 2.

No change is made, but we wish to emphasize that all policy references to National Park Service regulations are to be taken literally, as are references to the need to be informed about Native American traditions. The policy does not override regulations but is intended as a general statement that management should use existing options and administrative discretion to reach decisions that are responsive to Native American concerns.

Section III.D.2 Burial and Cemetery Sites.

One respondent suggested that managers be provided with more explicit direction regarding decisionmaking about burial sites when science conflcits with tradition or religious practices. The suggestion is not incorporated for the following reasons: The policy regarding burials and cemetery sites is intended to provide direction as well as maximum flexibility when managers can exercise administrative discretion in reaching decisions that reflect Native American preferences, and are also in accord with law. In addition, it is inappropriate for the National Park Service to weigh the merits of religious practices. As already noted in the first paragraph of Section II, on page 2453, of the subject draft. "it would be presumptuous of the National Park Service to define what constitutes Native American or any other religion and religious activity."

It was noted that Section IIID.2. does not reference the Guidelines for the Disposition of Human Remains, NPS–28, "Cultural Resources Management Guideline", Technical Supplement, Chapter 7. This citation has been added to paragraph 1 of that Section.

Section V.B. Museum Collections.

One respondent suggested that the final paragraph implies that only Indians can inspect records, and that only records relevant to that tribe can be studied. That implication was unintended and the paragraph is revised as follows: "Interested persons shall be able to inspect or study Service artifacts, specimens and museum records consistent with standards for the use and preservation of collections."

Native American Relationships

I. Introduction
  A. Philosophy
  B. Legislation
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II. Explanation of Terms
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  A. Practice of Native American Religion
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    1. Identification and Protection
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IV. Planning, Resources Management, and Operation
  A. Native American Involvement and Consultation
V. Research and Interpretation
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  B. Museum Collections
  C. Interpretation

The National Park Service, to the extent consistent with each park's legislated purpose, shall develop and execute its programs in a manner that reflects knowledge of and respect for the cultures, including religious and subsistence traditions, of native American tribes or groups with demonstrable ancestral ties to particular resources in or within the National Park system. Such ties shall be established through evidence from systematic archeological or ethnographic studies, including ethnographic oral history and ethnohistory studies, or a combination of these sources.

I. Introduction

A. Philosophy

In many units of the National Park System (System), the National Park Service (Service) is specifically charged with the mission to preserve and interpret the cultural heritage of Native American tribes or groups. In addition, many units contain natural resources as well as features of the built environment, objects and structures that are associated with traditional sacred, subsistence or other cultural practices of contemporary Native American peoples, and necessary for their cultural continuity. Service plans, programs and activities all have the potential to affect such places and resources, and the cultural activities associated with them. Implementation of this policy is meant to ensure that (1) the Service's general regulations on access to and use of park natural and cultural resources are applied in an informed and balanced manner that does not unreasonably interfere with Native American use of traditional areas or sacred resources nor result in degradation of unit resources, (2) Service managers establish and maintain effective consulting relationships with potentially affected Native American tribes and groups, and (3) management decisions will consider the concerns of potentially affected Native American tribes or groups.

B. Legislation

Numerous laws, Executive Orders, treaties, and cooperative agreements provide for assistance, give rights of use to resources administered by the Service or define relationships between the Service and Native Americans. In addition to the National Park Service Organic Act of 1916, and park-specific enabling legislation, the following are some of the principal documents that will affect the implementation of this policy:

Antiquities Act of 1906 (Pub. L. 209) as amended.
Historic Sites Act of 1935 (Pub. L. 74–292).
National Historic Preservation Act of 1966 (Pub. L. 89–665, as amended by Pub. L. 91–423, Pub. L. 94–422, Pub L. 94–458 and Pub. L. 96–515).
National Environmental Policy Act of 1969 (Pub. L. 91–190).
Endangered Species Act of 1973 (Pub. L. 93–205, as amended by Pub. L. 94–325, Pub. L. 94–359).
The American Indian Religious Freedom Act of 1978 (Pub. L. 95–341).
The Archaeological Resources Protection Act of 1979 (Pub. L. 96–95).
Alaska National Interest Lands Conservation Act of 1980 (Pub. L. 96–487).
Museum Properties Management Act of 1955 (Pub. L. 84–127).

E.O. 11593 Protection and Enhancement of the Cultural Environment (1971).
36 CFR Chapter 1, National Park Service, Department of the Interior.
40 CFR Parts 1500 through 1517 Council on Environmental Quality.
43 CFR Part 7 Archaeological Resources Protection Act of 1979: Final Uniform Regulations.
National Park Service *Management Policies*, 1978.
NPS–28, National Park Service *Cultural Resources Management Guideline*. Release No. 3, August 1985.
National Park Service *Museum Handbook*.

C. Application

This policy applies only to those groups specified in Section II.

II. Explanation of Terms

For purposes of this policy, the term "Native American" applies to American Indians, including Carib and Arawak; Eskimo: and Aleut; Native Americans of the Pacific Islands, including Native Hawaiians, Native Samoans, Chamorros and Carolinians.

"Tribe or Group" applies to any Nation, tribe, band or group of Native Americans recognized in statute or treaty by Federal or State governments; or any group of Native Americans not recognized in statute or treaty by Federal or State governments but identified by themselves and known by others as members of a named cultural unit that historically has shared linguistic, cultural, social (kinship) and related characteristics that distinguish it ethnically from other Native American groups. "Tribe or group" does not apply here to Native Americans of diverse cultural backgrounds (pan-tribal organizations) who voluntarily associate together for some purpose or purposes.

"Sacred Resources" applies to traditional sites, places or objects that Native American tribes or groups, or their members, perceive as having religious significance.

"Traditional" applies to beliefs and behaviors that have been transmitted across generations, and are identified by their Native American practitioners to be necessary for the perpetuation of their cultures. Characteristically, cultural practices are so interrelated that religious activities are not totally separable from subsistence, family life or other feature. Traditional also applies to the sites, objects, or places intimately associated with those beliefs or behaviors.

"Ethnographic resource" refers to park resources with traditional subsistence, sacred ceremonial or religious, or other cultural meaning for contemporary Native Americans.

"Historic" refers to prehistoric, ancestral, or traditional relationships, practices, or cultural resources that demonstrate cultural significance or persistence over time, as evidenced by archeological and ethnographic studies, including oral histories and ethnohistories.

III. Native American Traditional Activities

A. Practice of Native American Religion

Public Law 95–341, the American Indian Religious Freedom Act, enacted on August 11, 1978, states that "henceforth it shall be the policy of the United States to protect and preserve for American Indians their inherent right of freedom to believe, express, and exercise the traditional religions of the American Indian, Eskimo, Aleut, and Native Hawaiians, including but not limited to access to sites, use and possession of sacred objects, and the freedom to worship through ceremonials and traditional rites." This statute does not create additional rights or change existing authorities. It has, however, led Federal agencies to develop policies that managers become informed about Native American religious culture, consult Native Americans about religious effects of proposed actions, and avoid unnecessary interference with traditional religious practices that Federal undertakings might affect. Agency decision-making regarding Native American access to and use of traditional sacred resources for customary ceremonials should reflect the least restrictive regulatory means available.

The non-drug use of peyote for ceremonial purposes is limited to members of the Native American Church during religious ceremonies. The following holds in accord with regulations of the Department of Justice, Drug Enforcement Administration: 21 CFR 1307.31, Special Exempt Persons: Native American Church:

> The listing of peyote as a controlled substance in Schedule 1 does not apply to the nondrug use of peyote in bona fide religious ceremonies of the Native American Church, and members of the Native American Church so using peyote are exempt from registration. Any person who manufactures peyote for or distributes peyote to the Native American Church, however, is required to obtain registration annually and to comply with all other requirements of the law.

B. Access and Use

1. Access

The Superintendent shall provide reasonable access to Native Americans for pursuit of religious activities in National Park Service areas to the extent permitted by provisions of NPS *Management Policies* on Religious Activities VII–18 and Public Assembly VII–21 to 23. When appropriate, a permit may be required in accord with 36 CFR 2.50 "Special Events" or 2.51 "Public Assemblies, Meetings."

Native Americans may obtain a waiver of fees from the Superintendent when making a non-recreational visit to a unit of the National Park System for religious or other traditional purposes.

2. Use

Members of Native American tribes or groups shall be permitted to perform traditional religious or other customary activities at places within park areas which have been used historically for such purposes, in accordance with the principles stated in section A and B.1 above and the limitations noted in section C. Native Americans may enter and camp overnight for the duration of religious ceremonies without entrance and camping fees.

Use of non-historical or non-traditional locations, and activities that physically impact park resources, shall be subject to regulations in 36 CFR Part 1, General Provisions, and 36 CFR Part 2, Resource Protection, Public Use and Recreation. Superintendents may require a permit in accord with 36 CFR 2.50 or 2.51. Performance of a traditional ceremony or the conduct of a religious activity at a particular place shall not form the basis for prohibiting others from using such areas.

Native Americans seeking to use park areas under this section should consult with the park Superintendent about the proposed activity, orally or in writing. The denial of permission to carry out the activity or the imposition of any condition thereon may be appealed by the applicant to the Regional Director.

C. Taking of Natural Resources

1. *Plants, Fish and Wildlife*

The taking of fish and wildlife, by Native Americans, for the pursuit of traditional subsistence or religious activities is permitted when authorized by law or existing treaty rights, or in accord with 36 CFR 2.1 to 2.3 and National Park Service *Management Policies*, IV–3 to IV–11.

Disposal of surplus wildlife and carcasses shall continue as outlined in NPS *Management Policies* IV–10, with preference given to Native American groups.

Gathering of plants that are controlled substances is permitted when in accord with the exemption noted in 21 CFR

1307.31 regarding peyote for use by the Native American Church.

2. Other Natural Resources

In accord with 36 CFR 2.1(c)(1) the Superintendent may designate certain fruits, berries, nuts or unoccupied seashells that can be gathered by hand for personal use or consumption upon a written determination that the gathering or consumption will not adversely affect park wildlife, the reproductive potential of a plant species, or otherwise adversely affect park resources. The collection of minerals and rocks is permitted when authorized by law or treaty rights, or in accord with NPS regulation.

D. Traditional Sacred Resources

1. Identification and Protection

The Service shall establish and maintain consultative relationships with Native American groups who have historical ties to specific park lands, to discuss their concerns about protection for and access to sacred resources, including sites, places, or objects under Service stewardship. To the extent consistent with legislation and Service capabilities, the Service will provide for the protection of sacred resources in a manner consistent with the goals of the associated Native American group.

Under the provisions of the Archaeological Resources Protection Act of 1979, and the 1966 National Historic Preservation Act, as amended, information on the location and character of qualified sites is excepted from public disclosure under the Freedom of Information Act. Undertakings affecting properties that are on or eligible for inclusion on the National Register of Historic Places shall comply with current procedures of the Advisory Council on Historic Preservation.

2. Burial and Cemetery Sites

Historic or prehistoric Native American Burial areas whether or not formally plotted and enclosed as cemeteries shall be located, identified and appropriately protected to the extent practicable. Burial areas generally shall not be disturbed, destroyed, or archeologically investigated unless there are no feasible and prudent alternatives, consistent with the Guidelines for the Disposition of Human Remains, NPS–28, Technical Supplement, Chapter 7.

The Service will consult appropriate Native American individuals and groups concerning the proper treatment and disposition of human remains historically or prehistorically associated with such individuals or groups, when such remains may be disturbed or encountered as a result of activities carried out on National Park System lands. The Service shall make every reasonable effort to consult individuals presently linked to the disturbed sites by ties of kinship or culture when ethnically identifiable remains are encountered. The objective of consultation will be to acquire data needed for informed decisions concerning the treatment and/or disposition of the remains.

In reaching its decision, the Service will consider the preferences of Native American consultants and any existing formal burial policy established by the tribe to the maximum extent feasible under current law. Park managers shall also acquire the recommendations of Service archeologists as well as applied anthropologists or ethnographers and, if circumstances require it, representatives from the State Historic Preservation Office and the Advisory Council on Historic Preservation.

Management decisions shall give full consideration to the following range of principal decision alternatives:

—Redesign of project to avoid disturbance of interment:
—Removal of remains and reburial without recordation and study;
—Removal of remains and reburial with limited recordation and study;
—Removal of remains and reburial with full recordation and study;
—Removal of remains, full recordation and study, and retention of remains as part of the Service museum collection.

IV. Planning, Resources, Management, and Operation

A. Native American Involvement and Consultation

The Service shall implement a consultation program conforming to NPS–28. "Cultural Resources Management Guidelines" Technical Supplement, Chapter 7, (Ethnographic Program) August 1985. The program shall promote and provide for regular active consultation with Native American groups in planning, management, and operations decisions that affect the subsistence and sacred materials or places, or other ethnographic resources with which the group is historically associated.

Superintendents shall maintain a current roster of potential consultants from the associated groups, and meet with individuals on the list as well as with other members of the tribe or group as the need arises. Consultation shall occur at the earliest practicable time, as soon as a need is defined or an action is foreseeable, and continue through all phases of decision-making. The Service shall seek the broadest feasible range of views from members of the involved group, while recognizing that it must also respect the views of the group's tribal chair or other formal leaders. The Service shall become informed about the diverse views held by people who differ in age, sex, and technical and religious expertise and consider these in formulating alternative actions or reaching decisions affecting their traditional interests in resources or programs within the park.

While the NPS shall seek the broadest feasible spectrum of views, it will negotiate legal issues with individuals selected or approved by the group or tribe, and empowered to speak or act on its behalf, when matters concern the larger group. Individual concerns will be considered on a case by case basis.

Documentation of the decision-making process and the final decision, whether or not carried out under the National Environmental Policy Act (NEPA), shall be made available to the consulting group by the Superintendent or Regional Director. Although final decisions in all cases shall consider the results of consultations, the authority and the responsibility for the decision rests with the Service.

V. Research and Interpretation

A. Archeological and Ethnographic Studies

In some instances differences may arise between the NPS and Native Americans over the National Park Service's need to know and understand current and past lifeways and the Native Americans' need to protect from desecration and public knowledge their religious or other cultural values and practices. This is further complicated by the fact that some information acquired by the National Park Service is used in public programs that interpret cultural and national resources. Studies in archeology, ethnography, history, or other discipline carried out or sponsored by the National Park Service shall reflect sensitivity to the privacy of community consultants regarding their practices, beliefs, and identities, and follow the relevant procedures noted in NPS–28, *Cultural Resources Management Guideline* August 1985.

B. Museum Collections

In acquiring, maintaining, using and disposing of museum collections associated with a particular Native American tribe or group, the Service will

carry out consultations in accordance with section IV, A, above.

The Service shall acquire only collections having a legal and ethical pedigree in accord with existing laws, Service *Management Policies*, and implementing guidelines and standards. Objects from museum collections may be loaned, exchanged or disposed of in accordance with the Museum Properties Management Act, 43 CFR 7.13, other applicable laws, and the NPS *Museum Handbook*.

The Service shall repatriate artifacts and specimens only when otherwise lawful and it can be shown by a Native American tribe or group that the material is their inalienable communal property. Requests for repatriations must be made by the representatives selected by the tribe or group, and empowered to act on its behalf. Requests and conditions of repatriation shall be considered by the Service only on a case by case basis.

Interested persons shall be able to inspect or study Service artifacts, specimens and museum records consistent with standards for the use and preservation of collections.

C. Interpretation

The Service shall actively seek Native American consultation in the planning, development, and operation of park interpretive programs that relate to the culture and history of the particular tribe or group, shall develop cooperative programs with tribes and groups to assist the Service in the interpretation of their cultural heritage in parks, and shall provide for presentration of Native American perspectives of their own lifeways and resources, both cultural and natural. Etrhnographic or cultural anthropological data and concepts will also be used as appropriate.

To avoid ethnocentrism, the Service will present factual, balanced and, to the extent achievable, value-neutral presentations of both Native American and non-Native American cultures, heritage and history.

The Service shall not display disinterred skeletal or mummified human remains or grave goods and other objects that Native Americans, culturally associated with them, regard as traditionally sacred. Consultation with associated Native Americans will precede the display of any object, the sacred nature of which is suspected, but not confirmed, to determine its religious status before selecting an appropriate course of action.

Denis P. Galvin,

Acting Director.

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