

7. Section 204.7104-2 is revised to read as follows:

**204.7104-2 Numbering procedures.**

Follow the procedures at PGI 204.7104-2 for numbering contract subline items.

8. Section 204.7106 is amended by adding paragraph (b)(3) to read as follows:

**204.7106 Contract modifications.**

\* \* \* \* \*

(b) \* \* \*

(3) If the modification will decrease the amount obligated—

(i) There shall be coordination between the administrative and procuring contracting offices before issuance of the modification; and

(ii) The contracting officer shall not issue the modification unless sufficient unliquidated obligation exists or the purpose is to recover monies owed to the Government.

9. Section 204.7107 is revised to read as follows:

**204.7107 Contract accounting classification reference number (ACRN).**

Follow the procedures at PGI 204.7107 for assigning ACRNs.

10. Sections 204.7108 and 204.7109 are added to read as follows:

**204.7108 Payment instructions.**

Follow the procedures at PGI 204.7108 for inclusion of payment instructions in contracts.

**204.7109 Contract clause.**

Use the clause at 252.204-7XXX, Billing Instructions, if Section G of the contract requires the contractor to identify the applicable contract line item(s) when the contractor submits a request for—

(a) A contract financing payment; or  
(b)(1) An interim payment under a cost-reimbursement contract for services; and

(2) The contract includes the clause at FAR 52.232-25, Prompt Payment, with its Alternate I.

**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

11. Section 252.204-7XXX is added to read as follows:

**252.204-7XXX Billing Instructions.**

As prescribed in 204.7109, use the following clause:

**BILLING INSTRUCTIONS (XXX 2004)**

When submitting a request for payment, the Contractor shall—

(a) Identify the contract line item(s) on the payment request that best reflect contract work performance; and

(b) Separately identify a payment amount for each contract line item that is included in the payment request.

(End of clause)

**Appendix F—Material Inspection and Receiving Report**

12. Appendix F to Chapter 2 is amended in Part 3 by revising section F-306 to read as follows:

**F-306 Invoice instructions.**

(a) Contractors shall submit payment requests in electronic form, unless an exception in 232.7002 applies. Contractor submission of the material inspection and receiving information required by this appendix by using the Wide Area WorkFlow-Receipt and Acceptance (WAWF-RA) electronic form (see paragraph (b)(1) of the clause at 252.232-7003) fulfills the requirement for an MIRR.

(b) If the contracting officer authorizes the contractor to submit an invoice in paper form, the Government encourages, but does not require, the contractor to use the MIRR as an invoice, in lieu of a commercial form. If commercial forms are used, identify the related MIRR shipment number(s) on the form. If using the MIRR as an invoice, prepare the MIRR and forward the required number of copies to the payment office as follows:

(1) Complete Blocks 5, 6, 19, and 20. Block 6 shall contain the invoice number and date. Column 20 shall be totaled.

(2) Mark in letters approximately one inch high, first copy: "ORIGINAL INVOICE, for all invoice submissions; and three copies: "INVOICE COPY," when the payment office requires four copies. Questions regarding the appropriate number of copies (i.e., one or four) should be directed to the applicable payment office.

(3) Forward the appropriate number of copies to the payment office (Block 12 address), except when acceptance is at destination and a Navy finance office will make payment, forward to destination.

(4) Be sure to separate the copies of the MIRR used as an invoice from the copies of the MIRR used as a receiving report.

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**BILLING CODE 5001-08-P**

**DEPARTMENT OF DEFENSE**

**48 CFR Part 219**

[DFARS Case 2003-D063]

**Defense Federal Acquisition Regulation Supplement; Small Business Competitiveness Demonstration Program**

**AGENCY:** Department of Defense (DoD).

**ACTION:** Proposed rule with request for comments.

**SUMMARY:** DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to revise text regarding identification of contract awards under the Small Business Competitiveness Demonstration Program. This proposed rule is a result of an initiative undertaken by DoD to dramatically change the purpose and content of the DFARS.

**DATES:** Comments on the proposed rule should be submitted in writing to the address shown below on or before August 24, 2004, to be considered in the formation of the final rule.

**ADDRESSES:** You may submit comments, identified by DFARS Case 2003-D063, using any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- Defense Acquisition Regulations Web site: <http://emissary.acq.osd.mil/dar/dfars.nsf/pubcomm>. Follow the instructions for submitting comments.

- E-mail: [dfars@osd.mil](mailto:dfars@osd.mil). Include DFARS Case 2003-D063 in the subject line of the message.

- Fax: (703) 602-0350.
- Mail: Defense Acquisition Regulations Council, Attn: Ms. Donna Hairston-Benford, OUSD(AT&L)DPAP(DAR), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062.

- Hand Delivery/Courier: Defense Acquisition Regulations Council, Crystal Square 4, Suite 200A, 241 18th Street, Arlington, VA 22202-3402.

All comments received will be posted to <http://emissary.acq.osd.mil/dar/dfars.nsf>.

**FOR FURTHER INFORMATION CONTACT:** Ms. Donna Hairston-Benford, (703) 602-0289.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

DFARS Transformation is a major DoD initiative to dramatically change the purpose and content of the DFARS. The objective is to improve the efficiency and effectiveness of the

acquisition process, while allowing the acquisition workforce the flexibility to innovate. The transformed DFARS will contain only requirements of law, DoD-wide policies, delegations of FAR authorities, deviations from FAR requirements, and policies/procedures that have a significant effect beyond the internal operating procedures of DoD or a significant cost or administrative impact on contractors or offerors. Additional information on the DFARS Transformation initiative is available at <http://www.acq.osd.mil/dpap/dfars/transf.htm>.

This proposed rule is a result of the DFARS Transformation initiative. Section 19.1007(a)(2) of the Federal Acquisition Regulation requires inclusion of a statement on the face page of each contract awarded under the Small Business Competitiveness Demonstration Program, to identify the contract as an award under the Program. To accommodate the use of automated systems, this proposed DFARS rule specifies that, when it is not practical to mark the face page of an award document, alternate means may be used to identify a contact as an award under the Small Business Competitiveness Demonstration Program.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

### B. Regulatory Flexibility Act

DoD does not expect this rule to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, because the rule proposes an administrative change to accommodate the use of automated contracting systems. Therefore, DoD has not performed an initial regulatory flexibility analysis. DoD invites comments from small businesses and other interested parties. DoD also will consider comments from small entities concerning the affected DFARS subpart in accordance with 5 U.S.C. 610. Such comments should be submitted separately and should cite DFARS Case 2003–D063.

### C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply, because the rule does not impose any information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501 *et seq.*

### List of Subjects in 48 CFR Part 219

Government procurement.

**Michele P. Peterson,**

*Executive Editor, Defense Acquisition Regulations Council.*

Therefore, DoD proposes to amend 48 CFR part 219 as follows:

1. The authority citation for 48 CFR part 219 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR chapter 1.

### PART 219—SMALL BUSINESS PROGRAMS

2. Section 219.1007 is amended by adding paragraph (a)(2) to read as follows:

#### 219.1007 Procedures.

(a)(2) When it is not practical to mark the face page of an award document, alternative means may be used to identify the contract as an award under the Small Business Competitiveness Demonstration Program.

\* \* \* \* \*

[FR Doc. 04–14340 Filed 6–24–04; 8:45 am]

**BILLING CODE 5001–08–P**

## DEPARTMENT OF DEFENSE

### 48 CFR Part 225

[DFARS Case 2004–D002]

#### Defense Federal Acquisition Regulation Supplement; Polyacrylonitrile Carbon Fiber—Restriction to Domestic Sources

**AGENCY:** Department of Defense (DoD).

**ACTION:** Proposed rule with request for comments.

**SUMMARY:** DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to extend the ending date for phasing out domestic source restrictions on the acquisition of polyacrylonitrile (PAN) carbon fiber. The ending date will be extended from May 31, 2005, to May 31, 2006.

**DATES:** Comments on the proposed rule should be submitted in writing to the address shown below on or before August 24, 2004, to be considered in the formation of the final rule.

**ADDRESSES:** You may submit comments, identified by DFARS Case 2004–D002, using any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Defense Acquisition Regulations Web site: <http://emissary.acq.osd.mil>

[dfars.nsf/pubcomm](http://dfars.nsf/pubcomm). Follow the instructions for submitting comments.

- E-mail: [dfars@osd.mil](mailto:dfars@osd.mil). Include DFARS Case 2004–D002 in the subject line of the message.

- Fax: (703) 602–0350.

- Mail: Defense Acquisition Regulations Council, Attn: Ms. Amy Williams, OUSD(AT&L)DPAP(DAR), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301–3062.

- Hand Delivery/Courier: Defense Acquisition Regulations Council, Crystal Square 4, Suite 200A, 241 18th Street, Arlington, VA 22202–3402.

All comments received will be posted to <http://emissary.acq.osd.mil/dar/dfars.nsf>.

**FOR FURTHER INFORMATION CONTACT:** Ms. Amy Williams, (703) 602–0328.

### SUPPLEMENTARY INFORMATION:

#### A. Background

This rule proposes amendments to DFARS Subpart 225.71 to extend the ending date for phasing out domestic source restrictions on the acquisition of PAN carbon fiber from May 31, 2005, to May 31, 2006. The clause at DFARS 252.225–7022, Restriction on Acquisition of Polyacrylonitrile (PAN) Carbon Fiber, will be required in solicitations and contracts for major systems issued on or before May 31, 2006, if the system is not yet in development and demonstration.

The current phase-out schedule was added to the DFARS on December 13, 2000 (65 FR 77832). The aerospace industry has requested an extension of the phase-out in order to provide U.S. companies sufficient time to maintain the industrial and technological capability to support a critical material used in advanced aerospace weapons programs. DoD considers a one-year extension to be appropriate at this time.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

#### B. Regulatory Flexibility Act

The proposed rule is not expected to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because there are no known domestic small business manufacturers of PAN carbon fiber. Therefore, DoD has not performed an initial regulatory flexibility analysis. DoD invites comments from small businesses and other interested parties. DoD also will consider comments from small entities concerning the affected DFARS subpart in accordance with 5 U.S.C. 610. Such